

FINANCE COMMITTEE

DEMOGRAPHIC CHANGE AND AGEING POPULATION INQUIRY

SUBMISSION FROM CITY OF EDINBURGH COUNCIL

Introduction

The City of Edinburgh Council welcomes the opportunity to contribute to this Scottish Parliament Finance Committee inquiry. Changing demographics – encompassing older people and other age groups – are likely to have a major impact on local authority finances, especially in Edinburgh where the pace of change and characteristics of the existing housing stock combine to create a unique set of pressures. The need for a radical shift towards collaborative, outcome-focussed service planning, pooled funding, and pre-emptive, community orientated services for an ageing population is widely recognised. However, even with this new approach, the funding situation is likely to remain extremely challenging.

The responses below address the individual questions posed in the inquiry remit. These are provided in summary form, as requested in the guidance. However, the Committee may find it helpful to refer to more detailed background evidence which is attached as **two appendices**: (1) A summary of key demographic trends projected in Edinburgh up to 2035; and (2) A review of how these changes will impact on individual service areas, including services not specifically mentioned in the inquiry remit, and other demographic changes as well as ageing.

General issues – budgeting for demographic change, and data sources

What is your view of the effects of demographic change and an ageing population on the sustainability of funding for (a) health and social care and (b) housing services and (c) public pensions and the labour force? What public services will individuals increasingly call on and in what way?

Further, what planning is being done, or should be done, to address this?

1. Although Edinburgh has a youthful population structure compared with many other local authorities in Scotland, over the next 30 years the city is expected to see a rapid growth in the elderly population both in terms of the growth rate and absolute numbers. The City of Edinburgh Council is already experiencing increasing demand for a wide range of age-related services and has been actively planning for a future where this trend will accelerate.

2. Historically the provision of services has been weighted towards relatively expensive reactive care when people experience ill health or disability, a breakdown in care from partners or family members, or other difficulties. The Council recognises that this approach will be unsustainable over the longer term, and that **a major shift in the balance of care is required**. This will entail more investment in early intervention/preventative measures that promote wellbeing and give the necessary support for older people to live in the familiar surroundings of their own homes and communities. More intensive provision will still be required, but in future the aim is that this should be reserved for genuinely acute situations, rather than simply a lack of alternatives.

3. An **integrated and comprehensive approach** will be needed to older people's services if this shift in emphasis is to be achieved effectively in a context of growing demand and diminishing resources. Clearly this will require increasing levels of investment in housing (energy efficiency, adaptations for frailty etc.) and in health and social care services (e.g. personal care at home, telecare services, community health, day activity, respite care and other services). However it also extends across the whole range of Council services – for example accessible transport provision, winter gritting of streets, assisted refuse collection, and sport and leisure facilities geared to the needs of older people. The Council sees this as part of a wider move towards outcome-focused budgeting, which it is now actively pursuing with community planning partners.

4. The key issue is how to free up funding for investment in prevention to reduce future increases in demand when available budgets are under pressure to meet existing levels of demand. Scottish Government change funds (for older people, and early years) are making a very welcome contribution to prevention, but are in themselves too small to fund the double running costs involved in developing prevention at the same time as meeting existing priority needs now. **Investment in prevention on the scale required can only be funded by ceasing or reducing some existing services**: these are difficult choices that call for greater political and public debate. Within this context, the Council's February 2012 Budget Motion instructed the Chief Executive to continue with the Priority Based Planning project, the aim of which is to align available resources more closely to agreed corporate priorities.

5. It should also be noted that the impact of demography on **increasing demand** for social care services is **not restricted to older people**. The number of people with disabilities is also increasing in all age cohorts, although less information is available nationally. In Edinburgh, we estimate that we will need to increase funding for care services for adults with learning disabilities at a slightly higher level than the increases required for older people's care services. In five year's time we expect to have to spend £13.4 million more on social care for adults with learning disabilities, compared to £10.5 million more on older people (2016/2017 expenditure compared with 2011/2012, at constant 2009-10 prices). This is partly because learning disability services have higher net unit costs.

6. Steadily improving longevity increases pension fund liabilities, while the changing balance in the population between older people and people of working age has implications for workforce planning. These are issues which the Council monitors closely, as set out below.

What weight should be given during the annual budget process to demographic trends and projections?

7. The Council's budget process recognises demographic trends as a key driver of service costs, with clear impacts apparent year-on-year as well as over timescales longer than the conventional budget cycle. In October 2009 the Council introduced a 10-year '**Long-Term Financial Plan**' (LTFP) to identify and, where possible, quantify the key factors influencing the costs of service delivery, compare these to the estimated level of resources available to the Council, and hence to calculate the overall level of savings requiring to be delivered. The LTFP is now firmly established as the Council's primary financial planning tool. It enables demographic trends to be considered in conjunction with other emerging fiscal pressures, for example the effects of a prolonged economic downturn, and increasing environmental responsibilities (Landfill Tax, Carbon Reduction Commitment etc.). As one of the first authorities in Scotland to develop such a plan, the Council has received a number of subsequent enquiries from other authorities.

8. Since its inception, the LTFP has included provision for the estimated expenditure impacts of increasing numbers of older people and adults with learning and/or physical disabilities who require services. More recently the LTFP has been extended to take account of changing demand for early years and primary education, and other demands arising from social change – for example the rising number of looked after children. Relative to amounts included within the current year's budget (2012/2013), some £52 million of additional demographic change-related expenditure has been identified within the LTFP by 2020/2021.

What data is collected (and what should be collected with respect to (a) health and social care and (b) housing services and (c) public pensions and the labour force, and what use is made of this (or should be made) to forecast what funding will be needed?

(a) Health and social care

9. The methodology used to model the impact of the ageing population on demand for social care services for **older people** takes into account the fact that the need for services is much higher for people aged 85+ than for younger 65+ age-groups. First, age-specific service volume utilisation rates are calculated for the base year (care homes bed-nights, domiciliary care hours, etc) separately for each of the

three elderly age-groups (65-74, 75-84, and 85+). Then the age-specific rates are multiplied through by the National Records for Scotland population projections for these age-groups for each future year within the forward planning horizon. The resulting service volumes are converted to net expenditure via the current unit costs.

10. This methodology keeps current service utilisation rates constant and therefore assumes that eligibility criteria are not changed: the current balance between met and unmet need will continue into the future. Future need is measured at current service utilisation rates, and no account is taken of whether the longer-living future elderly population will be healthier than currently. The available research evidence on **healthy life expectancy** is mixed: if and when a clearer view emerges, and there is useable data, then the methodology used to predict the need for social care for future elderly populations will need to be changed. However, this issue is of greater relevance to medium to longer term estimates of future needs than it is to one-year, three-year, or five-year budgeting.

11. The methodology also assumes that particular drivers of need, for example the increasing numbers of older people with **dementia**, are effects only of the ageing population and increased longevity, and not due to other causal factors (such as diet or pollution) operating alongside age. In relation to dementia, research is required to assess whether there are changes in age / gender specific prevalence, over time.

12. **Inflation** and changes in **unit costs** can be built in, as required. Working in *net* expenditure assumes that **income from service user charges** will continue at the present level. However, this is not a realistic assumption as income from charges has been falling for older people as a consequence of **Free Personal Care** combined with tighter eligibility criteria reducing support for chargeable services. The Council is looking further into this issue.

13. In 2004, NHS Health Scotland's *Health Needs Assessment for People with Learning Disabilities in Scotland* confirmed that:

"The life expectancy of people with learning disabilities is increasing and in future there will be more people with learning disabilities, more older persons with learning disabilities, and more persons with the most severe learning disabilities in all age cohorts".

14. Unfortunately, this report did not estimate future numbers or the rate of increase that could be expected for different age-groups. Some work on future needs has been carried out by the University of Lancaster for the Department of Health in England, although this is based only on projecting forward into adulthood the numbers of currently known children and young people with a learning disability. The NHS Health Scotland report had stated that: "*The eSAY project co-ordinated by the Scottish Consortium for Learning Disability will lead to better information in future*"; however, the information on numbers of people with learning disabilities currently known to local authorities does not support future population needs planning.

15. In Edinburgh, the total numbers of people with learning disabilities known to the Council increased by an average of 5% per year between 2006 and 2012 (see Appendix 2 for more detailed information). Estimates of future net expenditure requirements in the city's Long Term Financial Plan are based on the actual cost of

providing adult social care services for school leavers with a learning disability in the base year, with modest growth projected from the numbers of school leavers in recent years, plus an additional net 5 placements in accommodation for support for adults with high priority needs on the accommodation waiting list.

16. The numbers of **children and adults with physical disabilities** have been increasing for similar reasons to those set out above for learning disabilities, due to increased survival of very premature and low weight babies, and people surviving strokes, road accidents and other trauma. This group has also benefited from general improvements in life expectancy. However, there appears to be only limited academic research into changes in the prevalence of physical disabilities. Consequently little information is available to assist local authorities with planning for future service levels.

17. The 2001 Census contained questions about limiting long-term illness, and distributions by age and sex correlate reasonably well with results from earlier sample population surveys of disability in Great Britain. For this reason, self-reported limiting long-term illness (LLTI) is widely used as a proxy for disability. The age-specific rates in 2001 rose steeply with age, as expected. When applied to the most recent population projections for each age-group, these generate social care expenditure increases of around 1.5% per year in real terms for Edinburgh's adult population aged 18-64, and nearly 2% per year for children. However, no account has been taken of any increases there may have been since 2001 in the proportions reporting LLTI at each age-group (or in the proportion of people reporting LLTI with moderate to severe disabilities eligible for services). The 2011 Census results will play a vital role in updating age-specific LLTI rates when they become available in 2013.

18. There is considerable evidence that **mental health** problems increase during economic downturns. "*Demand for mental health services is likely to increase as a result of unemployment, personal debt, home repossession and other fallout from the recession*" (Royal College of Psychiatrists 2009). A recent academic review (Cooper 2011), work by the World Health Organisation (WHO 2011), and a recent NHS Scotland paper (NMHIN 2011) all take a similar view. However, none of the research reviewed to date contains models that quantify predicted increases in demand for health and social care services in relation to indices of recession (e.g. changes in unemployment or GDP). There is also a lack of consensus as to how these economic indicators themselves will change over the next 5 years in Edinburgh, Scotland or the UK. This is a further area where more research would be helpful.

19. Unpaid **carers** (many of whom are elderly themselves) play a vital role in the health and social care economy. However, insufficient information is available to assess how the supply of carers is likely to change in future years. The prevalence of unpaid care is affected by such factors as the age/sex structure of the population, the divorce and separation rate, mobility (especially, geographical distance between adult children and their aged parents), and more generally by social expectations and customs. We are not aware of studies that have successfully modelled these factors against demographic trends, in order to assess whether the prevalence of unpaid care will increase or decrease. This is an area where more research would be helpful.

(b) Housing services

20. In respect of housing, there is a need for improved modelling of future numbers, sizes and types of households. The current NRS projections are heavily reliant on trends in **household formation rates** identified in the decennial Census of Population. As the 2011 Census results have not been released yet, this means that projected household numbers are still very much influenced by trends between 1991 and 2001. This does not reflect the reality of the current economic downturn which appears to have curtailed the formation of new households and (at least temporarily) stalled the reduction in average household size.

21. Planning for the housing needs of older people and people with disabilities would also benefit from more comprehensive information on:

- the number of **wheelchair accessible homes**, especially in the private rented sector;
- the extent of **capacity in the private rented sector** for different household types (and particularly the residual capacity after allowing for student households); and
- the number of **applications for social rented housing** which result from the current home being unsuitable to meet needs.

(c) Pensions

22. Trends and risks affecting future revenues and liabilities of the Lothian Pension Fund (LPF) are subject to thorough review in **actuarial assessments** which are carried out every three years. Assumptions about longevity are a fundamental component of these assessments. However, there are many other considerations including non-demographic factors such as inflation, pay awards and investment returns, some of which can have an even bigger effect than ageing. LPF has recently become a member of Club Vita, which carries out bespoke analysis of the longevity of Fund members and monitors how this changes over time. This means that longevity assumptions are tailored closely to the unique profile of the Fund membership.

(d) General data and monitoring issues

23. Population and household projections from NRS provide the usual starting point for assumptions about future demographic composition (see Appendix 1). Valuable though these are, it has to be remembered that they are not forecasts, but projections of what would happen if recent trends were to continue. However, **past trends are not necessarily an accurate guide to the future**, and there is a particular risk in planning for long-term needs based on recent 'booms' which may not be sustainable over a longer period (e.g. in relation to migration, births, house building). The Council therefore needs to apply a degree of interpretation and judgement, reflecting local experience. Although NRS does produce a series of 'variant' population projections reflecting different combinations of migration/fertility/life expectancy, there may be value in linking these more explicitly to different policy agendas and economic forecasts.

24. It will be critically important that data are assembled to **monitor the effects, or 'outcomes'** of the major transformation of services for older people which is now being advocated. This will mean both identifying whether the anticipated expenditure efficiencies are being achieved, and ascertaining whether welfare and

health are improving. Perceptions of service users and carers will be relevant, as well as objective improvements in wellbeing.

Health and social care

To what extent are preventative policies such as the Change Fund key to addressing demographic pressures on the provision of health and social care?

25. Preventative policies like the Change Funds (Older People and Early Years) are essential to reducing demographic pressures. In Edinburgh they are being used to fund social care and community health services that will prevent or delay admission to hospital and support earlier discharge, to improve support to carers and to develop community capacity.

26. Increasing investment in **support to carers must be central to any preventative strategy**. In volume terms, more 'social care' is provided by carers (mainly partners and other family members), than by employees of local government, the NHS, or private and voluntary care sectors. 'Carer breakdown' remains a major cause of admission to hospital, care homes, or high intensity support at home. Increased funding for support to carers should therefore be a key strategic objective for the Scottish Government, local authorities and the NHS. There will also be a need to reinforce measures to build community capacity for self-care and resilience.

27. New services funded by the Change Fund for Older People are financially sustainable only if they support a shift in resources from acute, emergency inpatient bed use to community- and home-based health and social care, thus allowing some hospital resources to close. Such changes are likely to be contentious. It is essential that closures are not perceived as service cuts, and this will require strong leadership and high profile public debate. During the period of transition, the need for **double running costs** for hospital needs and increased community and home based services is likely to be larger than the total Change Funds made available, which currently are largely top-sliced from NHS budgets.

28. While current preventative strategies and change funds will reduce the financial impact of demographic change, they are very **unlikely to address it in full**, let alone reverse it. Prevention – based on clear evidence of what works over various timescales, many of which will be long-term – is essential for fiscal sustainability, but will not be sufficient.

To what extent are the pressures on health and social care a consequence of an ageing population as opposed to other health challenges such as obesity?

29. As explained in our answers to the earlier questions, **demographic pressures are not limited to the ageing population**. They also include increases in the numbers of people with disabilities at all ages. Numbers of people with mental health problems are also rising, and these are likely to grow further with the economic recession, as *may* be the case with addictions, although the alcohol pricing policy should offset that in the medium to long term. For older people, we also do not know whether the increase in the prevalence of dementia is only an age effect.

30. Both the recession and the UK Government's welfare reforms are likely to increase poverty and widen income and wealth inequalities, and those health inequalities for which social inequality is an increasingly well-evidenced driver.

31. The Council is alert to pressures on health and social care from other social and environmental changes, such as obesity or air quality. Although these are being addressed in policy terms, insufficient data is available to attribute financial costs to these at the local level, and they have not been incorporated in the Council's Long Term Financial Plan.

Housing

What is likely to be the main pressures on both the public and private housing stock arising from demographic change and what action should government and other public bodies be taking now to address this?

32. With the **number of households** in Edinburgh projected to grow by 43% over the next 25 years (faster than anywhere else in Scotland), the sheer scale of demand is the key demographic pressure affecting housing in Edinburgh. Recent house building rates have been well below those required to meet future demand. Despite innovative approaches to funding and development pursued by the Council and partner agencies, the **shortage of affordable housing** remains one of the most pressing issues facing the city. Recent research commissioned by Communities Scotland estimates that the Edinburgh housing market area accounted for 74% of the total affordable housing need in Scotland.

33. A second demographic pressure results from the shrinkage in average household size. There is a widening **mismatch between household types and the size of homes available** in the city. 71% of households are made up of single persons or couples with no children, but smaller dwellings (1 to 3 rooms) only account for 23% of the housing stock. The demand for smaller homes is expected to increase further due to welfare reform, with changes to housing benefits likely to encourage many households to 'downsize'.

34. **Ageing of the population** is the third major demographic housing pressure that Edinburgh will have to contend with. The availability of housing which meets the needs of frail and less mobile people will be central in any shift towards integrated, community-orientated care for older people. Without suitable housing, the onus is likely to continue to fall on institutional care. Not only will this become prohibitively expensive; it also ignores the preference of many older people to continue living in their own home and in familiar surroundings with appropriate support for as long as possible.

35. The Council's City Housing Strategy 2012-2017 attaches a high priority to **adaptations** which will meet the needs of Edinburgh's changing demographic profile. However, Edinburgh's high proportion of flatted, tenemental properties represents a particular challenge as these are very difficult to adapt for people with poor mobility. Housing adaptations in Edinburgh are based on thorough assessments which take account of longer-term needs as well as immediate circumstances, thus making the best use of limited resources. In 2010/2011 the Council spent £790,000 on adaptations to its own homes, provided over £1 million for adaptations to private homes, and administered some £500,000 of funding for

adaptations to Registered Social Landlord homes. A total of 673 adaptations were carried out across all sectors.

What adaptations will be required to the existing housing stock to provide long-term care and to what extent should the design of new builds take into account the possibility that the home may be used for care purposes in the future?

36. The Council has developed comprehensive guidance on **adaptations and equipment**, to ensure consistent assessment and implementation of improvements which enable people with disabilities to continue living in their homes. The guidance covers a wide range of adaptations ranging from handrails, ramps and stair lifts to specialist baths and bathing equipment, walk-in showers, hoists, pillow lifts and powered or supportive seating. Simple modifications such as specially designed handles and taps and accessible power sockets can make a big difference.

37. However, physical adaptations can only be part of the solution. There also needs to be a focus on **community support, self help and local networks** transcending public, voluntary and private sector agencies. Making good advice about housing options readily available to older people is a further important strand of Edinburgh's approach. The Council's Homelessness Prevention Commissioning Plan identifies that early advice can help people make informed decisions about their home and support needs, potentially avoiding the need for more costly intervention when a crisis situation develops. **Housing advice services** are likely to come under increased pressure, not only as a result of people living longer, but also due to benefit reforms and the general squeeze on household finances.

38. Older people are more likely to suffer from **fuel poverty**. Many are asset rich but income poor, especially following the effects of the recent economic downturn on retirement savings and pensions. Meanwhile fuel costs have been rising, and this has posed real difficulty for increasing numbers of older people. Substantial additional investment is likely to be required to make homes as energy efficient as possible, so that people can live comfortably and affordably in their own homes as they grow older. The characteristics of Edinburgh's housing stock pose a unique set of challenges, with a high proportion of older properties which can be expensive to maintain and repair to meet modern standards. Furthermore, Edinburgh has a higher proportion of listed properties and houses in conservation areas than any other local authority in Scotland. This can sometimes add further expense when improvements are carried out.

39. The Council attaches considerable importance to **assistive technology** such as telecare services, and has rapidly expanded its 'Community Alarm and Telecare Service' (CATS) within the housing stock. This has proved a cost effective measure which supports older people to live independently at home, reduces hospitalisation rates, and also provides vital support and reassurance for carers. Nearly 8,000 people in Edinburgh now have Telecare packages, and the number of new installations is expected to continue growing by around 500 per year.

40. As new build housing in any one year only amounts to about 1% of the total stock, adaptation of the existing stock will inevitably be the main focus for

improvements over the short-term. Nevertheless, in order to address long-term changes and minimise the cost of future adaptations it will be important to ensure that **new housing** is constructed with the future population profile in mind and is capable of being adapted to suit a range of needs. In particular, design and layout should allow sufficient space for persons who may rely on mobility aids. The limitations of the existing housing stock in Edinburgh (i.e. many older, flatted properties) also mean that higher reliance may have to be placed on new build compared with some other areas of Scotland.

41. Budget pressures have severely limited the Council's ability to fund **specialist housing** for older and vulnerable people. Collaboration with housing association partners has helped to deliver some exemplary new development (notably Elizabeth Maginnis Court in Granton). However the capital funding of communal features in such developments is not currently eligible for government grant. This is something that needs to be reconsidered from a broader cost/benefit perspective, taking account of long-term outcomes for older people and potential cost savings in acute care.

42. Further consideration also needs to be given to the role that **new tenure models for affordable housing** (e.g. shared equity and mid market rent) could have in meeting the affordable housing needs of older people. At present, much of the focus here is in relation to working households. However, some older people who have access to private pensions, savings or equity could also benefit from innovative investment models tailored to their needs.

Pensions and labour force

What is the likely impact on the public finances within Scotland of demographic change on public sector pension schemes and what action is required by the Scottish Government and other public bodies to address this?

43. Steadily improving longevity has the effect of **increasing pension fund liabilities**. For Lothian Pension Fund (LPF), the actuarial assessment is that over the years 1999 to 2011 liabilities increased by approximately 11%, that is £214m, owing to improved life expectancy. It is possible that the allowance for enhanced longevity may increase at future actuarial valuations.

44. The 2011 actuarial valuation report for Lothian Pension Fund sets out how sensitive past service liabilities are to changes in significant assumptions. An increase in life expectancy of 1 year at the 2011 valuation (based on the assumptions at that time) would have increased the past service liabilities by around £72m or 2% of the total liabilities. However, the report noted greater sensitivity to some other assumptions, e.g. each 0.5% salary rise would cause liabilities to rise by 3% while each 0.5% increase in inflation would cause liabilities to rise by 9%.

45. The effects of rising longevity assumptions are compounded by **falling investment yields**. If the current low yield environment continues in the future, increasing longevity assumptions will have an even greater impact than that observed in the past. The need to ensure that resources balance with liabilities over a very long time period means that there will inevitably be many risks and uncertainties which need to be closely monitored and managed.

46. LPF submitted evidence to the **Independent Public Sector Pensions Commission** (led by Lord Hutton) and is broadly supportive of its main recommendations e.g. in relation to career average salaries, raising of retirement age, improved scrutiny and need for a cost ceiling. These appear to strike a reasonable balance between fairness and cost. Discussions are currently under way between the Scottish Government, COSLA and the trade unions to consider the affordability and sustainability of the current Scottish Local Government Pension Scheme. LPF will provide detailed comments when the outcome of these discussions are circulated for consultation.

47. Although raising of the retirement age can help to alleviate potential pressures on pension funding, it will be vitally important that the Government implements **supporting measures which encourage and enable active participation by older people in the labour market**. These include: a renewed focus on preventative health, to minimise premature withdrawal from the workplace on grounds of disability; bolstering of support networks for carers so they can remain economically active; extending training opportunities for older workers; and providing more flexible options for transition between work and retirement.

What should be the balance within public policy of support for older people who wish to remain in employment versus creating opportunities for youth employment?

48. The combination of demographic change and changes to the state pension age will bring many more older people into the labour market over the next 20 years. In light of the recent economic downturn it will be particularly challenging to ensure that there are sufficient job opportunities for older as well as younger people. Both ends of the age spectrum face barriers to securing and retaining employment. In the case of older people the risk is that many who are unable to find employment may face relying on **out-of-work benefits rather than the state pension**.

49. The Council believes that a **balanced approach** is needed, and that neither end of the age spectrum can be ignored. On the one hand older workers are generally fitter and healthier than before, and need to be able to put sufficient resources aside for their retirement. But on the other hand it is important that younger people are given the opportunity to gain work experience, self-esteem and general life skills, and do not suffer from a sense of hopelessness which will blight the rest of their lives, with all the potential ramifications that might have for public expenditure in future years.

50. Furthermore it will be important that the skills, knowledge and experience of older workers are transferred to subsequent generations. This accords with both Council and Scottish Government strategies which recognise the positive economic contribution of older people and the benefits to be derived from forging better inter-generational links.

51. Providing **better support for carers** should continue to be one of the main planks of government policy, as this will enable many people with caring responsibilities to continue to support themselves and their dependents, whilst contributing to national productivity and taxation streams. The deflection of costs

from welfare benefits and acute services means that tailored support for carers will represent a sound use of public money.

Other aspects

52. Although health, social care, housing, pensions and the labour force have been highlighted as facing particular financial pressures as a result of ageing population profiles, it is important to note that **all Council services will need to be geared towards an increasing proportion of older people** in future, and this transformation will need to be planned and budgeted for. For example there is likely to be a need for more investment in accessible transport, upgrading and maintenance of footpaths, and leisure services which contribute to wellbeing and community participation by older people. If a truly integrated and holistic approach is to be pursued, then aspects such as these will need to be included, and the long-term costs and benefits duly assessed.

53. It is also important that ageing is considered in the context of **other demographic pressures**, which are equally significant in Edinburgh: most notably the rate of overall **population increase**, the even faster growth in **household numbers** (especially smaller households, and including pensioner-only households), and short-to-medium-term growth in the number of **children of primary school age**.

54. Appendix 2 includes further information on some of these additional pressures and their implications for a range of Council services. It also includes a list of documents which are cited or relied on in this submission (including hyperlinks to web sources).

Future demographic change in Edinburgh

This briefing report sets out some of the key demographic trends likely to play out in Edinburgh up to 2035, with particular reference to absolute growth of the population, changing age composition and changing numbers and types of households. Reference is also made to recent trends. The analysis is based on estimates and 2010-based projections published by National Records for Scotland (NRS), until recently known as the General Register Office for Scotland (GROS)

The report is structured as follows :

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KEY POINTS:

- Edinburgh's **population growth has accelerated** over the last decade, with 2011 showing the greatest annual increase ever recorded;
- 10.3% population growth 2001-2011 – highest in Scotland apart from Perth & Kinross
- Fast rate of growth expected to continue: population now on the verge of half a million, and projected to reach 600,000 by 2033;
- The previous set of projections (2008-based) only envisaged population of 551,000 in 2033; recent projections have tended to under-estimate the rate of growth actually achieved;
- Growth particularly fuelled by **high net in-migration** and (to a lesser extent) **greater longevity**; any revisions to migration assumptions could have significant effect on projections for Edinburgh.
- **Deaths** in 2010 were the lowest ever recorded in Edinburgh (despite rising population); conversely **births** in 2011 were the highest recorded
- Over the last 25 years male **life expectancy in Edinburgh has grown** by 6½years and female life expectancy by 5 years; life expectancies are above the Scottish average, although they vary significantly in different areas of the city;
- Births expected to exceed deaths by an average 900 a year between 2010 and 2025; compares with net in-migration of 4,200 per year (highest in Scotland);
- In-migrants include a high proportion of young adults, and Edinburgh has **youthful population profile** compared with rest of Scotland
- Median age in 2010 was 35.1 years – the 2nd lowest in Scotland apart from Glasgow (34.9); well below the Scottish median age of 40.1 years;
- **Young working ages (17-44) are particularly well represented**, and to a much lesser extent the pre-school population – these 'bulges' will work their way through as the population ages;
- By far the greatest *absolute* increase in population to 2025 will be in 35-44 year olds
- But the **greatest relative increases will be in the very elderly**, with those aged 85+ 50% more numerous than in 2010, and doubling their number by 2034;
- Edinburgh's population growth will outpace the Scottish average in nearly all age groups, *except* for those aged over 75 (also excepting pre-school children after 2025, and 17 to 24 year olds before 2025);

- Consequently, despite the rapid growth in the elderly population Edinburgh's demographic profile will remain relatively youthful compared with Scotland;
- **Dependency ratio** (non-working age groups as % of working age groups) expected to rise from 41% in 2010 to nearly 48% in 2035;
- However this is substantially lower *and* a slower growth rate than Scotland, where the dependency ratio will rise from 52% to 70%;
- Upto 2020 the number of people younger than working age (i.e. 0 to 15) will exceed those in the post-retirement age groups (65+), but this will reverse after 2020;
- NRS projections envisage a very large growth in the **number of households** in the city – 43% growth or 95,500 new households by 2035; however recent social and economic changes may well undermine the rationale for such rapid growth
- Growth largely driven by **single person households**, with only a very small increase in households with children
- In proportional terms, one of the main trends will be rapid growth in the number of **elderly persons living alone**, with all the implications this has for support services. Number of persons aged 85+ living alone projected to grow from 5,500 in 2010 to 11,700 in 2035.

DETAILED COMMENTARY

Current population and age structure

1. At mid 2010, the population of Edinburgh stood at 486,120, the second largest local authority in Scotland accounting for over 9% of the national total.
2. The structure of Edinburgh's population differs significantly from that for Scotland, as can be seen in the population pyramids in [Graphs 1\(a\) and \(b\)](#). In common with Scotland's other cities, Edinburgh has a much higher proportion of its population in the working age groups (17-64), and lower proportions of both children and older residents. Edinburgh has a particularly high concentration of persons in the younger working age group; those aged 17 to 44.
3. One consequence of having such a high proportion of its population within working age groups is that Edinburgh enjoys a particularly low dependency ratio - that is the ratio of those typically not in the labour force to those typically in the labour force. The dependency ratio is expressed as a percentage and is calculated as $100 \times (\text{population aged 0-15} + \text{population aged 65+}) / (\text{population aged 16-64})$.
4. At 41% Edinburgh has a lower dependency ratio than any other council area in Scotland. The national average is 52%. ([Graph 10](#))
5. The dependency ratio for children and the dependence ratio for retired people can be calculated separately. The child dependency ratio for Edinburgh is 21.0 compared to 26.6 for Scotland as a whole, whilst the retirement dependency ratio for Edinburgh is 20.1 compared to the Scottish average of 25.6. The child dependency ratio for Edinburgh is the lowest in Scotland and the retirement dependency is 2nd lowest after Glasgow (19.5).

Demographic Change in Edinburgh

6. Edinburgh is a rapidly growing city. Growth has accelerated over the last decade and has shown no signs of diminishing despite the economic downturn. The city's population was relatively stable during the 1980s and 1990s increasing by only 3,000 over the twenty year period 1981 to 2001. Since 2003, however, the population of the City has grown by an average of over 5,000 people per year, with even faster growth in the last few years. The NRS population projections forecast this growth to continue in the future: between 2010 and 2035 the total population of Edinburgh is projected to increase from 486,120 to 611,400 - a total increase of over 125,000 or 25%. ([Graph 2](#))
7. Early indications are that the population may be increasing even more quickly than projected. The most recent population *projections*, which are the subject of this analysis, are based on the 2010 population estimates. However, population estimates have subsequently been published for 2011 and these show an increase of 9,200 for the year 2010/2011, rather than the 6,100 increase projected. This represents the greatest annual increase in the city's population recorded by NRS, in both numerical and % terms.

Drivers of Change

8. Edinburgh's population is increasing due to the combination of natural change (i.e. the number of births relative to deaths) and net inward migration (Graph 3). Deaths have been falling steadily, as a result of increasing life expectancy for both males and females. Over the last 25 years male life expectancy in Edinburgh has grown by 6½ years and female life expectancy by 5 years (Graphs 15 and 16). Life expectancies are above the Scottish average, although it is known that they vary significantly in different areas of the city.
9. In contrast with deaths, Graph 3 shows that the number of births has fluctuated but has generally been rising over the last decade. The 5,673 births in 2010 / 2011 were the highest ever recorded in the city.
10. The number of births in the city is projected to increase slightly over the next five years, followed by a small annual decrease throughout each year to 2031. After this time, the number of births is projected to start increasing again, but only very slowly. The number of deaths in the city is projected to decrease each year, and this is the main factor behind Edinburgh's natural change over the projection period. Over the 25 year period, 130,600 births are projected against 107,700 deaths with a net effect of an increase in population of 22,900 - an annual average of around 900.
11. By far the largest factor influencing Edinburgh's population change, net migration is projected to account for an increase in population over the 25 year period of 102,600 - an annual average of 4,100. In absolute terms, net migration to Edinburgh is higher than any other Scottish council area. Proportional to the current population, only Perth and Kinross and East Lothian are projected to experience greater increases due to inward migration.
12. The change in population due to net migration is not uniform across all age groups. Some age groups will experience increases due to migration whilst others will see the population fall. In recent years, net inward migration has particularly boosted the population in the young adult groups, whereas the effect on other age groups has been neutral or a small loss. Graph 4 illustrates this differential migration by age group over the last 3 years.
13. In broad terms, these trends are projected to continue over the next 25 years. However, it should be noted that the projections are strongly influenced by migration patterns over the last five years. They are therefore highly sensitive to any departure from recent trends which may occur as a result of social, economic or political changes in the UK and further afield.

Change to Edinburgh's population structure

14. The combination of relatively steady levels of births, decreasing deaths, ageing of the non-moving population and net migration will change the structure of Edinburgh's population significantly. The change in the age structure can be seen clearly in the population pyramids in Graphs 1 (a) and (c). As in virtually every area of Scotland (the exception being East Lothian), the average age of the population will increase. Despite this, the average age will remain below the Scottish average in 2035 (Graph 14).

Changes in individual age groups (Graphs 6 to 13)

Pre-school age (0- 4 year olds) (Graph 13 (b))

15. Over the last ten years, the number of pre-school residents in Edinburgh has increased by over 11%, from 23,000 in 2000 to 25,600 in 2010. This is a greater proportional increase than the total population of the City and considerably higher than the national average (3.6%).
16. This increase is not projected to continue throughout the next 25 years. The number of pre-school children will continue to increase in the short term, by 1,700 (7%) to 2015, but will then decrease. In the ten year period 2015 to 2025, the number will decrease by 1,500 (6%) followed by a further reduction of 1,400 (6%) over the next 10 year period. The net result over the 25 period from 2010 to 2035 is for the number of pre-school age children to fall by 1,200 (5%).

Primary school age (5-11 year olds) (Graph 13(c))

17. The number of children of primary school age follows a different trend to pre-school age children. Over the last 10 years the number of primary school aged children has fallen by 3,700. This is a decrease of over 11% from 32,900 in 2000 to 29,200 in 2010.
18. Unlike the pre-school age children, the number of primary aged children is projected to increase over the next 25 years. Between 2010 and 2015 this age group will grow rapidly by 4,800 (16%). This is considerably higher than the national average (7%) and only Aberdeen City has a higher projected growth over the same period. Growth is projected to continue over the following 10 years increasing by a further 4,100 (12%) between 2015 and 2025. The number of children in this age group will then fall fairly quickly – by 3,900 (10%) to 2035. The net result over the 25 year period is an increase in primary school children of 5,000 (17%)

Secondary school age (12-16 year olds) (Graph 13(d))

19. The number of secondary school aged children resident in Edinburgh has dropped by 1,100 over the last 10 years, from 23,200 in 2000 to 22,100 in 2010; a decrease of 5%.
20. The decline in this age group is projected to continue in the short term before increasing again. Between 2010 and 2015, a decline of 1,200 (5%) is projected, followed by significant increase in the following 10 years. The number of 12 to 16 year olds is projected to increase by nearly 30% between 2015 and 2025 - from 20,900 to 27,100. The projection for the period 2025 to 2035 is for a slight decline but over the full 25 year period, a net increase 4,400 (20%) is projected.

Working age groups (17-64 year olds) (Graphs 13(e) to (i))

21. The number of people of working age in Edinburgh has increased by nearly 40,000 (13%) over the last ten years – an increase of almost 3 times the national average and almost 7 times the increase in total population for the City. Increases were greatest in the 25 to 34 and 55 to 64 year brackets and lower in the 35 to 44 and 45 to 54 year brackets.
22. Strong growth is projected to continue in the working age population with an increase of 18,300 (5%) between 2010 and 2015, a further increase of 25,100

(7%) to 2025 and an increase of 25,000 (6%) to 2035. The net result is a growth in working age population of 68,500 (20%) over the next 25 years. Perth and Kinross is the only Scottish council area with a greater projected growth in the working age population, and for Scotland as a whole a slight decline is projected.

23. Even though the working age population is increasing in Edinburgh, the City is projected to experience an ageing of the workforce. The number of very young workers (17-24 year olds) is projected to reduce slightly in the short to medium term with a decline of 7% over the next five years and a further decline of 4% over the following 10 years. Population will then start to increase again but the net effect over the 25% year period is a modest growth of 2% (Graph 13(e)).
24. Growth in the 25 to 34 year olds will decelerate over the next five years with a growth of 8% projected (compared to 22% over the previous 10 years). Between 2015 and 2025, the population in this bracket will actually decline by 7,800 (15%) but will then remain stable. Over the entire 25 year period, the 25 to 34 year old population will decline by 7,000 (8%) (Graph 13(f)).
25. The 35 to 44 year bracket is projected to increase by 8,000 (11%) over the next 5 years followed by further growth of 23,300 (30%) to 2025. A decline of 16,300 (-15%) is then projected over the remaining 10 years with the net result of an increase of 16,300 (23%) between 2010 and 2035 (Graph 13(g)).
26. Growth in the 45 to 54 year age group is projected to accelerate throughout the projection period. An increase of 3,700 (6%) is projected over the first 5 years followed by growth of 8,700 to 2015 and a further 23,000 (31%) to 2035. Overall, an increase of 35,500 (56%) is projected over the next 25 years (Graph 13(h)).
27. Similar patterns of change are projected for the oldest working age bracket. Over the next 5 years, an increase of 3,200 (6%) is projected followed by 10,400 between 2015 and 2025 and 8,800 (14%) between 2025 and 2035. The net result for the 25 year period is a growth of 22,500 (45%), a greater increase than any other Scottish council area (Graph 13(i)).

Retired age groups (65 years and older) (Graphs 13(j) to (l))

28. The older age groups have not increased as quickly in Edinburgh as elsewhere in Scotland over recent years. The number of people in Scotland aged 65 and over has increased by 10% since 2000 compared to a growth of less than 1% locally. Edinburgh has a lower proportion of its population within this age group with 14% of residents aged over 65 compared to the national average of 17%. Only Glasgow and West Lothian have lower proportions of retired age residents.
29. The number of older people in Edinburgh is projected to increase dramatically over the next 25 years. An increase of 7,500 (11%) is projected in the next 5 years followed by increases of 17,100 (22%) over the following 10 years and 24,000 (26%) between 2025 and 2035. The overall increase over the 25 year period is 48,600 - a proportional increase of 70%. This will be faster than the Scotland-wide growth of 63%, although mainly attributable to the surge in the

recently retired age group. By 2035, the retired age group will account for 19% of Edinburgh's population compared to the Scottish average of 25%

30. Numerically, the greatest increase in older people will be in the recently retired group - those aged 65 to 74. Over the 25 year period an increase of 70% (23,700) is projected compared to the Scottish average of 46% (Graph 13(j))
31. The 75 to 84 year olds in Edinburgh are projected to increase more slowly than the Scottish average with a total increase of 13,300 (53%) compared to the national increase of 59% (Graph 13(k)).
32. The oldest age group, those aged 85 and over will experience the greatest proportional change for Edinburgh and elsewhere in Scotland. Over the 25 year period, the number of the oldest residents will more than double, increasing from 10,400 in 2010 to 22,000 in 2035 (111%). The growth in the 85+ population will be even higher elsewhere in Scotland with an average increase of 147% (Graph 13(l)). Only three other council areas will have lower growth than Edinburgh; West Dunbartonshire (101%), Dundee City (92%) and Glasgow (56%).

Dependency ratio (Table 3 and Graph 10)

33. With the large increase in older people, the dependency ratio for Edinburgh is projected to increase from 41% in 2010 to 43% in 2015, 46% in 2025 and 48% in 2035. However this growth is expected to be slower than elsewhere in Scotland, and in 2035 Edinburgh will still have the lowest dependency ratio in Scotland. The dependency ratio for Scotland in 2035 is projected to be 70%.
34. As the number of children in Edinburgh is projected to increase at a lower rate than the population as a whole, the child dependency ratio for Edinburgh is projected to decrease slightly by 2035 to 19%. For Scotland as a whole, the child dependency ratio will increase slightly from 27% to 28%.
35. The retirement dependency ratio for Edinburgh is currently well below the national average (20% compared with 26%). Although projected to increase over the next 25 years, to 29%, the national rate will rise even more rapidly to 42% in 2035.

Household change

36. The change in Edinburgh's population will influence the number and structure of households in the city with obvious implications for housing provision, in both the market and social sectors. NRS produce estimates and projections of households for local authority areas. The household projections are obtained by applying projected headship rates to the population projections. The headship rates come from trends in the formation of households by people in different age groups. Currently, the trends in headship rates are based upon projecting the changes that were observed between the 1991 and 2001 censuses.
37. It is likely that recent changes in the economy and, mortgage availability and the downturn in the housing market may have caused actual headship rates to have reduced in recent years rather than continuing to increase, particularly for younger age groups. That is, there may now be fewer people in some age groups forming their own households than was previously the case. This would have the effect of exaggerating the number of households in future years in the

projections. There is some evidence for this in that the estimate of households in 2010 is somewhat lower than was projected in the 2008 based projections and the estimate of households in 2008 was lower than projected in the 2006 based figures. In fact the projected change between 2008 and 2010 is 80% higher than actually occurred. This exaggeration will increase further throughout the projection period.

Number of households

38. Currently there are an estimated 220,200 households in Edinburgh. As with population, the number of households has been increasing: Over the last 5 years, the total number of households in Edinburgh has increased by 8,500 – an annual increment of 1,700. This represents a growth in households of 4% over the 5 year period, a little above the Scottish average of 3.8%.
39. The NRS projections envisage a significant increase in the growth rate. Over the next 5 years, the number of households in Edinburgh is projected to increase by over 3,800 per year, which is more than 2½ times the increase experienced between 2009 and 2010. Over the next 25 years, the number of households is projected to rise to 314,700 – a total increase of 95,500 households or 43%. Proportionally, this is almost double the increase for the whole of Scotland (22%).

Household structure (Graphs 17(a) and (b))

40. The high growth in the number of projected households in Edinburgh is largely driven by an increase in smaller households. With an increasing population and a reducing average household size, growth in households is above the rate of population growth.
41. Graphs 17(a) and (b) compare the index of change in household types for Scotland and Edinburgh. i.e. the relative increase / decrease of each household type compared to the current position.
42. Single person households will experience the greatest rate of growth, increasing by 60% over the 25 year period. Growth in single person households will account for over half of the total growth projected.
43. Proportionally, the growth in single parent households will be similar to single person households but as they account for a much smaller share of all households, the gross increase is much less significant.
44. Two adult households, typically couples with no children, are projected to increase by 37% over the next 25 years – an increase of 24,100 in absolute terms.
45. The household group with the lowest projected growth is that of families with children. In 2010, there were 33,200 such households in Edinburgh, accounting for 15% of the total. This is expected to rise by only 2,400 (7%) to 35,600 by 2035. Nationally, the number of households of this type is projected to decrease by almost a quarter in the next 25 years.

Single Person Elderly Households

46. One area of concern is the increase projected in the number of elderly residents living alone. Such households may require additional services such as adapted housing and home helps.
47. The number of people aged 85 or over living alone is projected to more than double in the next 25 years. In 2010 there were 5,500 people aged over 84 living alone in Edinburgh accounting for 2.8% of all households. This number is projected to increase by around 250 per year to reach 11,700 by 2035 - almost 4% of all Edinburgh households.
48. Elderly single person households are expected to increase even more quickly elsewhere in Scotland with the national average growth projected to be 170% to 2035.

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- Graph 14 Average (median) age by local authority area, 2010 and 2035
- Graph 15 Average male life expectancy at birth by local authority, 1983-85 and 2008-10
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TABLES

	2010	2015	2020	2025	2035
Total population	486,120	517,222	543,785	568,200	611,367
age 0 to 4	25,574	27,273	27,357	25,756	24,352
age 5 to 11	29,224	33,995	37,866	38,143	34,259
age 12 to 16	22,104	20,942	23,393	27,071	26,462
age 17 to 24	63,393	59,035	55,196	56,843	64,811
age 25 to 34	94,555	102,357	94,423	87,248	87,391
age 35 to 44	69,105	77,072	94,117	100,380	85,440
age 45 to 54	62,768	66,492	67,671	75,181	98,218
age 55 to 64	50,004	53,194	60,000	63,629	72,451
age 65 to 74	34,008	39,492	44,225	47,517	57,703
age 75 to 84	34,998	25,438	25,793	30,880	38,275
age 85 plus	10,387	11,932	13,744	15,552	22,005

	2010	2015	2020	2025	2035
Total population	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Age 0 to 4	5.3 %	5.3 %	5.0 %	4.5 %	4.0 %
Age 5 to 11	6.0 %	6.6 %	7.0 %	6.7 %	5.6 %
Age 12 to 16	4.5 %	4.0 %	4.3 %	4.8 %	4.3 %
Age 17 to 24	13.0 %	11.4 %	10.2 %	10.0 %	10.6 %
Age 25 to 34	19.5 %	19.8 %	17.4 %	15.4 %	14.3 %
Age 35 to 44	14.2 %	14.9 %	17.3 %	17.7 %	14.0 %
Age 45 to 54	12.9 %	12.9 %	12.4 %	13.2 %	16.1 %
Age 55 to 64	10.3 %	10.3 %	11.0 %	11.2 %	11.9 %
Age 65 to 74	7.0 %	7.6 %	8.1 %	8.4 %	9.4 %
Age 75 to 84	5.1 %	4.9 %	4.7 %	5.4 %	6.3 %
Age 85 plus	2.1 %	2.3 %	2.5 %	2.7 %	3.6 %

	2010	2015	2020	2025	2035
Age 0 to 15	72,325	77,817	84,230	85,404	79,591
Age 65 plus	69,393	76,862	83,762	93,949	117,983
Age 16 to 64	344,402	362,543	375,793	388,847	413,793
Dependency %	41.1 %	42.7 %	44.7 %	46.1 %	47.7%

Edinburgh, to 2035					
	2010	2015	2020	2025	2035
Total population	0	+ 31,102	+ 57,665	+ 82,080	+ 125,247
age 0 to 4	0	+ 1,699	+ 1,783	+ 182	- 1,222
age 5 to 11	0	+ 4,771	+ 8,642	+ 8,919	+ 5,035
age 12 to 16	0	- 1,162	+ 1,289	+ 4,967	+ 4,358
age 17 to 24	0	- 4,358	- 8,197	- 6,550	+ 1,418
age 25 to 34	0	+ 7,802	- 132	- 7,307	- 7,164
age 35 to 44	0	+ 7,967	+ 25,012	+ 31,275	+ 16,335
age 45 to 54	0	+ 3,724	+ 4,903	+ 12,413	+35,450
age 55 to 64	0	+ 3,190	+ 9,996	+ 13,625	+22,447
age 65 to 74	0	+ 5,484	+ 10,217	+ 13,509	+ 23,695
age 75 to 84	0	+ 440	+ 795	+ 5,882	+ 13,277
age 85 plus	0	+ 1,545	+ 3,357	+ 5,165	+ 11,618

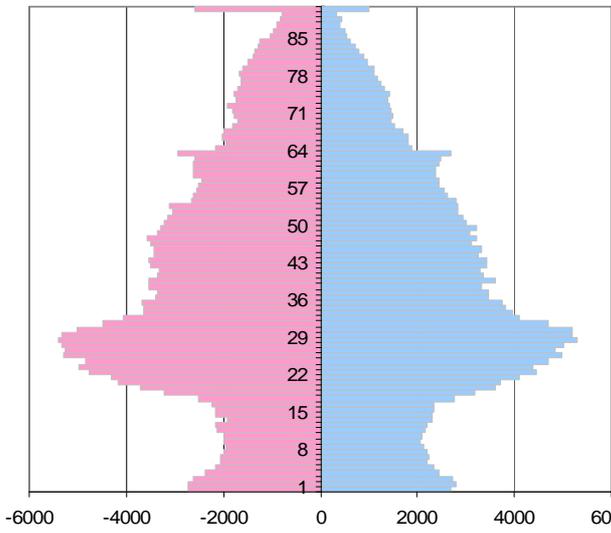
Table 5 : Relative population growth indexed to 2010 by age group, Edinburgh, to 2035 (2010 = 100)					
	2010	2015	2020	2025	2035
Total population	100	106	112	117	126
age 0 to 4	100	107	107	101	95
age 5 to 11	100	116	130	131	117
age 12 to 16	100	95	106	122	120
age 17 to 24	100	93	87	90	102
age 25 to 34	100	108	100	92	92
age 35 to 44	100	112	136	145	124
age 45 to 54	100	106	108	120	156
age 55 to 64	100	106	120	127	145
age 65 to 74	100	116	130	140	170
age 74 to 84	100	102	103	124	153
Age 85 plus	100	115	132	150	212

Table 6 : Number of households by type, Edinburgh, to 2035					
	2010	2015	2020	2025	2035
Total households	220,190	239,430	258,450	276,740	314,670
Single person h'holds	87,950	98,450	109,320	119,750	140,870
Single person 85+	5,490	6,250	7,230	8,210	11,690
Single parent	11,860	13,480	15,390	17,090	18,960
Families with children	33,260	34,240	35,690	37,030	35,630
2 Adults	65,130	69,790	73,900	77,850	89,290

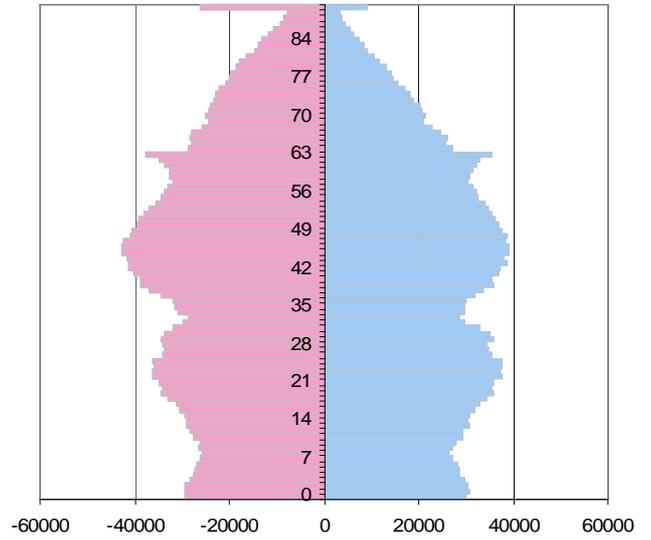
3 or more Adults	21,990	23,460	24,150	25,010	29,910
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Graphs 1(a) to (c): Population pyramids (age profiles showing individual years of age)

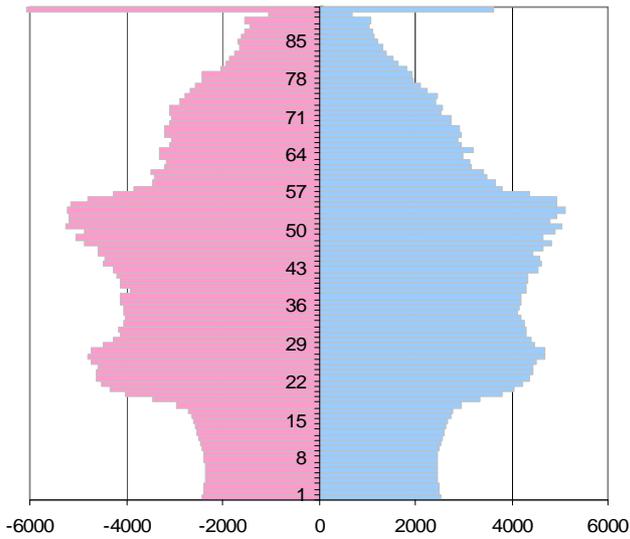
Edinburgh 2010



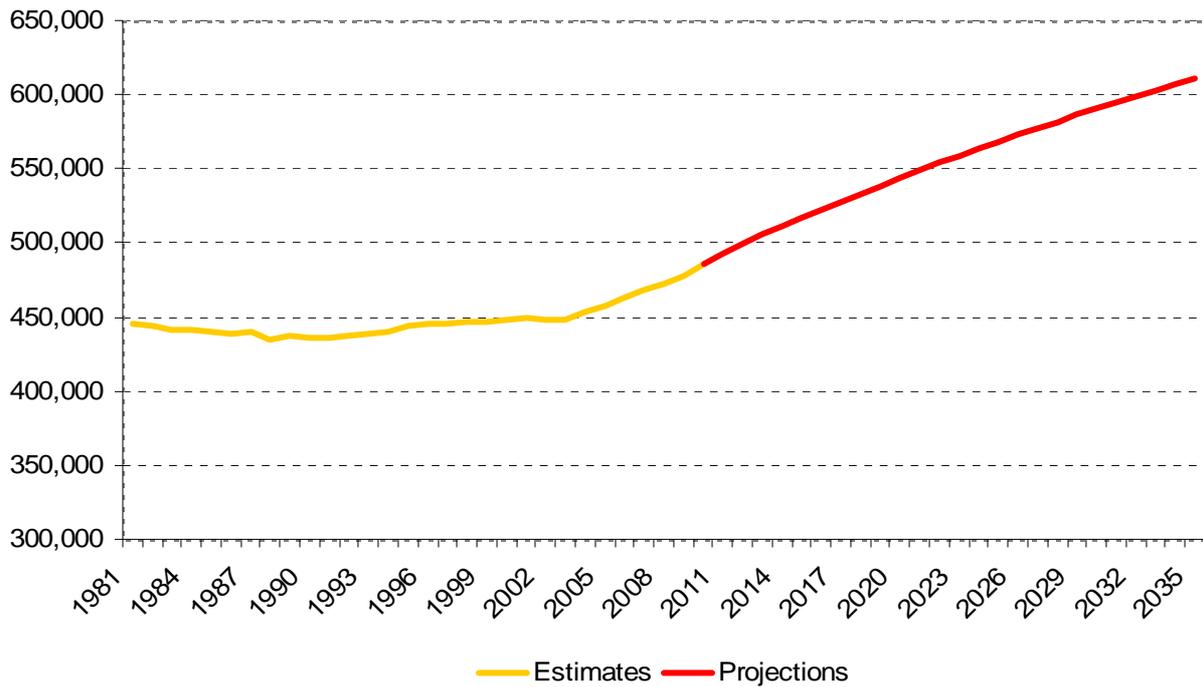
Scotland 2010



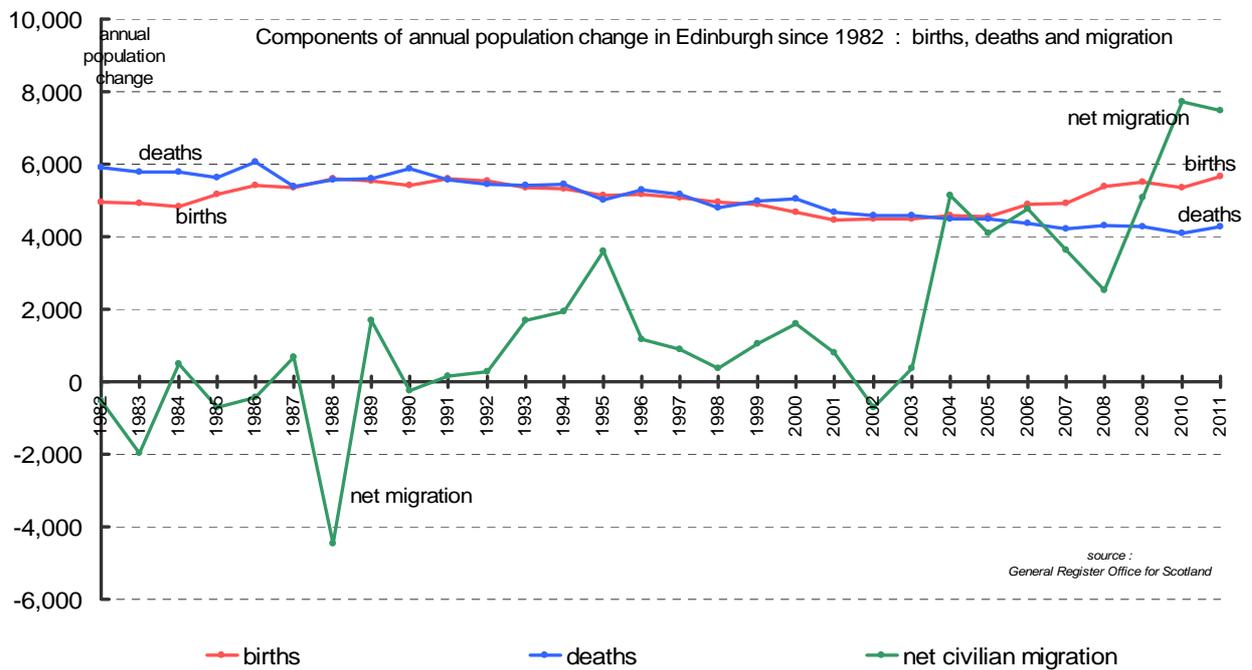
Edinburgh 2035



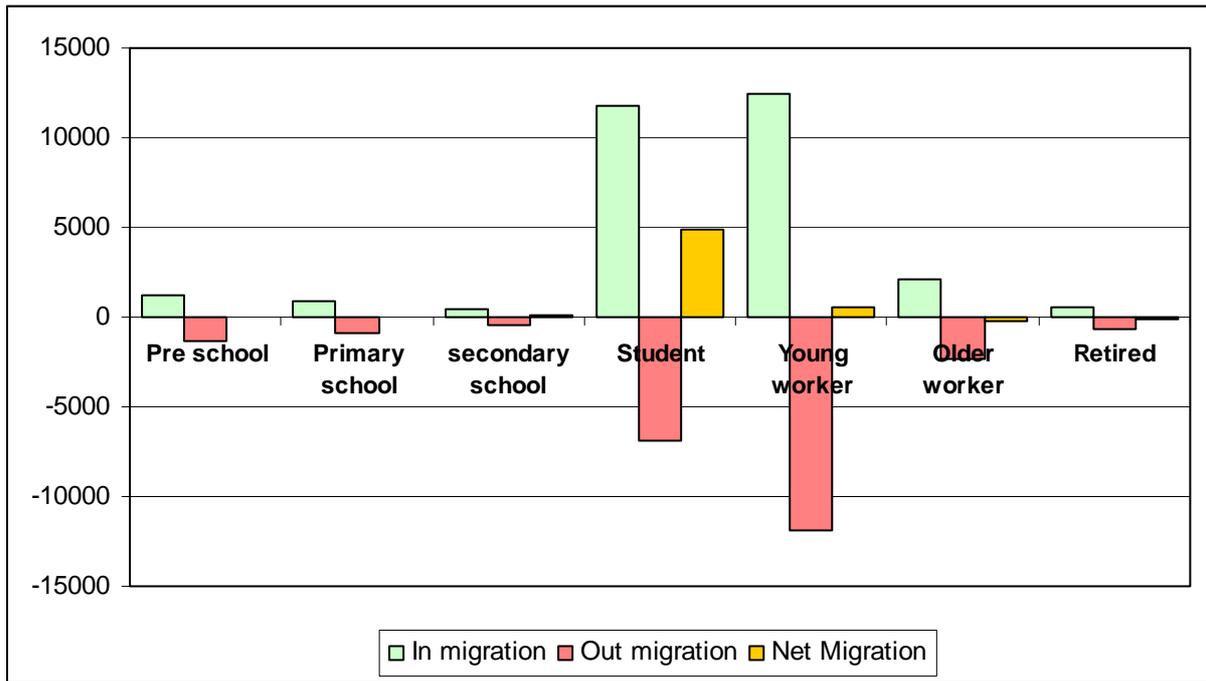
Graph 2: Recent and projected population growth in Edinburgh



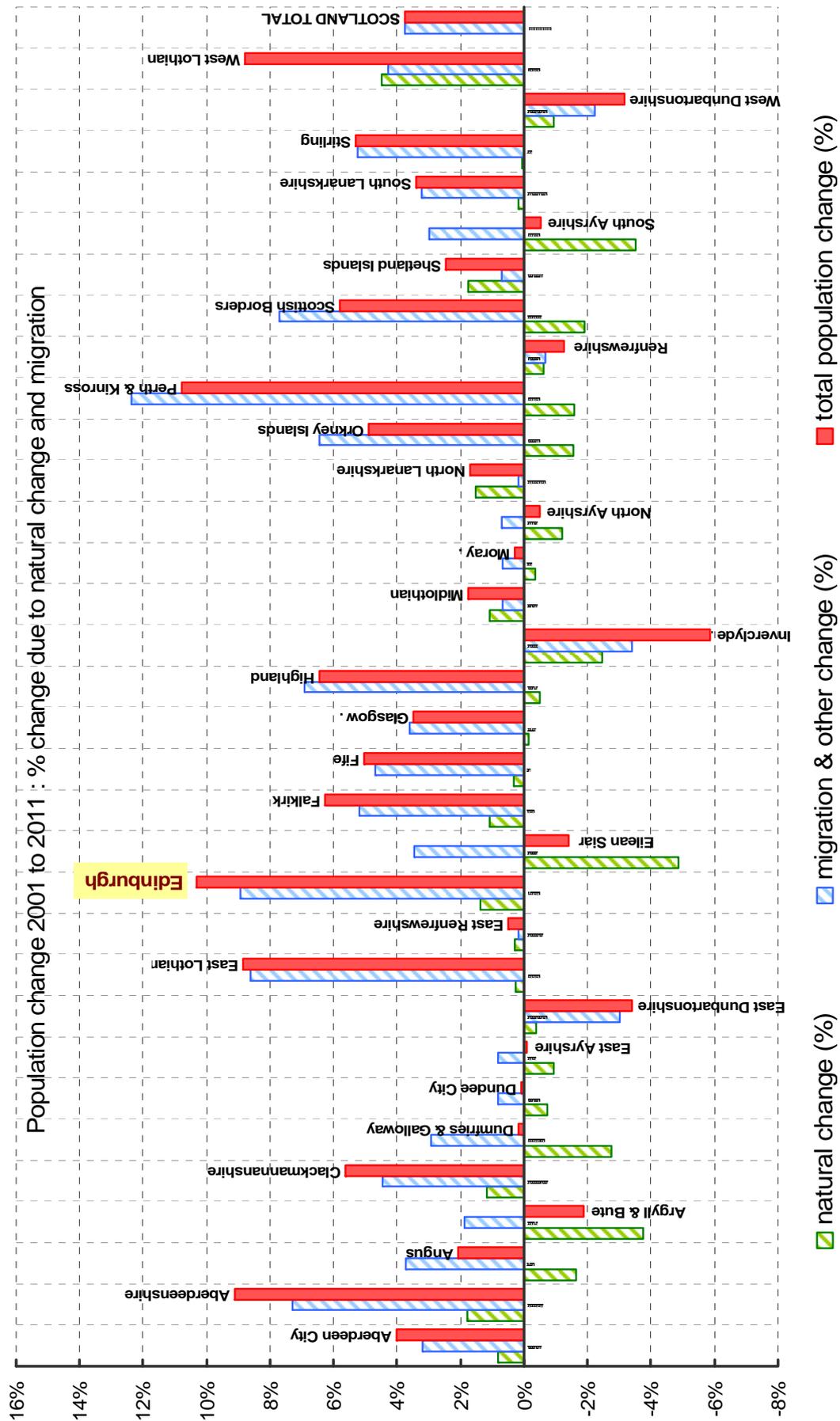
Graph 3: Components of annual population change in Edinburgh since 1982 (births, deaths and migration)



Graph 4: Recent migration into and out of Edinburgh, by age group

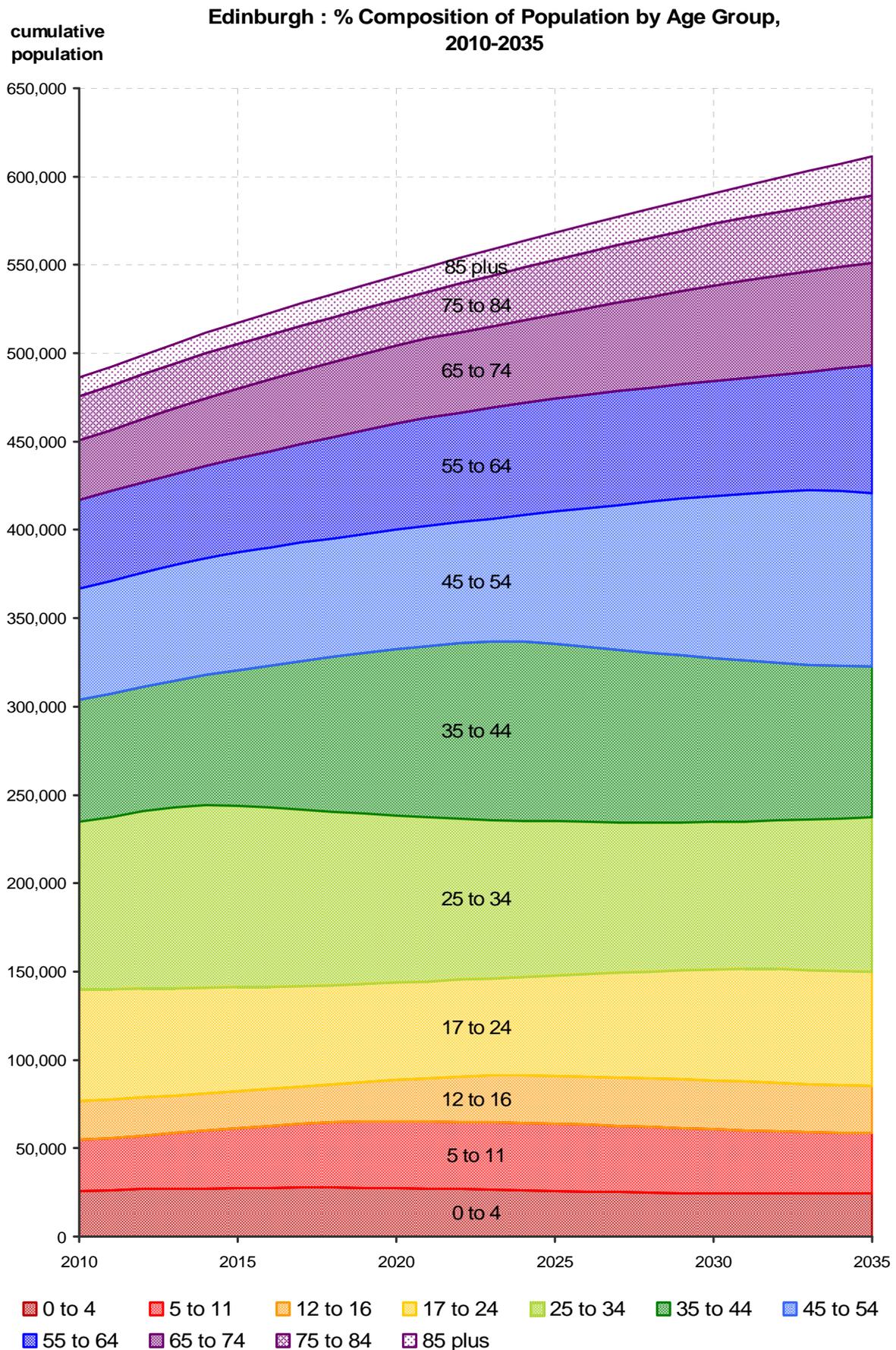


Graph 5: Comparative contribution of migration and natural change to total

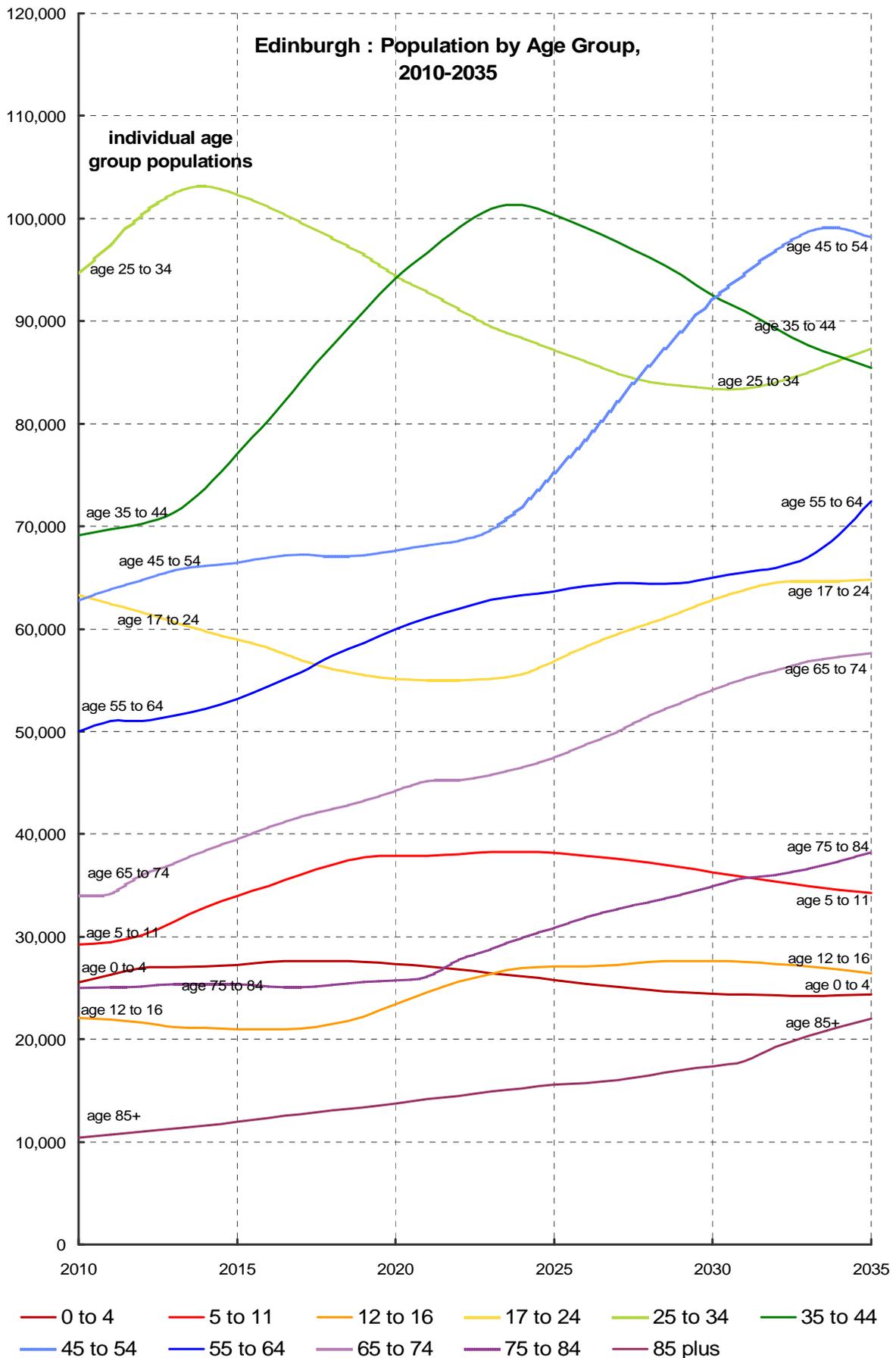


**population
change over the period 2001 – 2011, by local authority area**

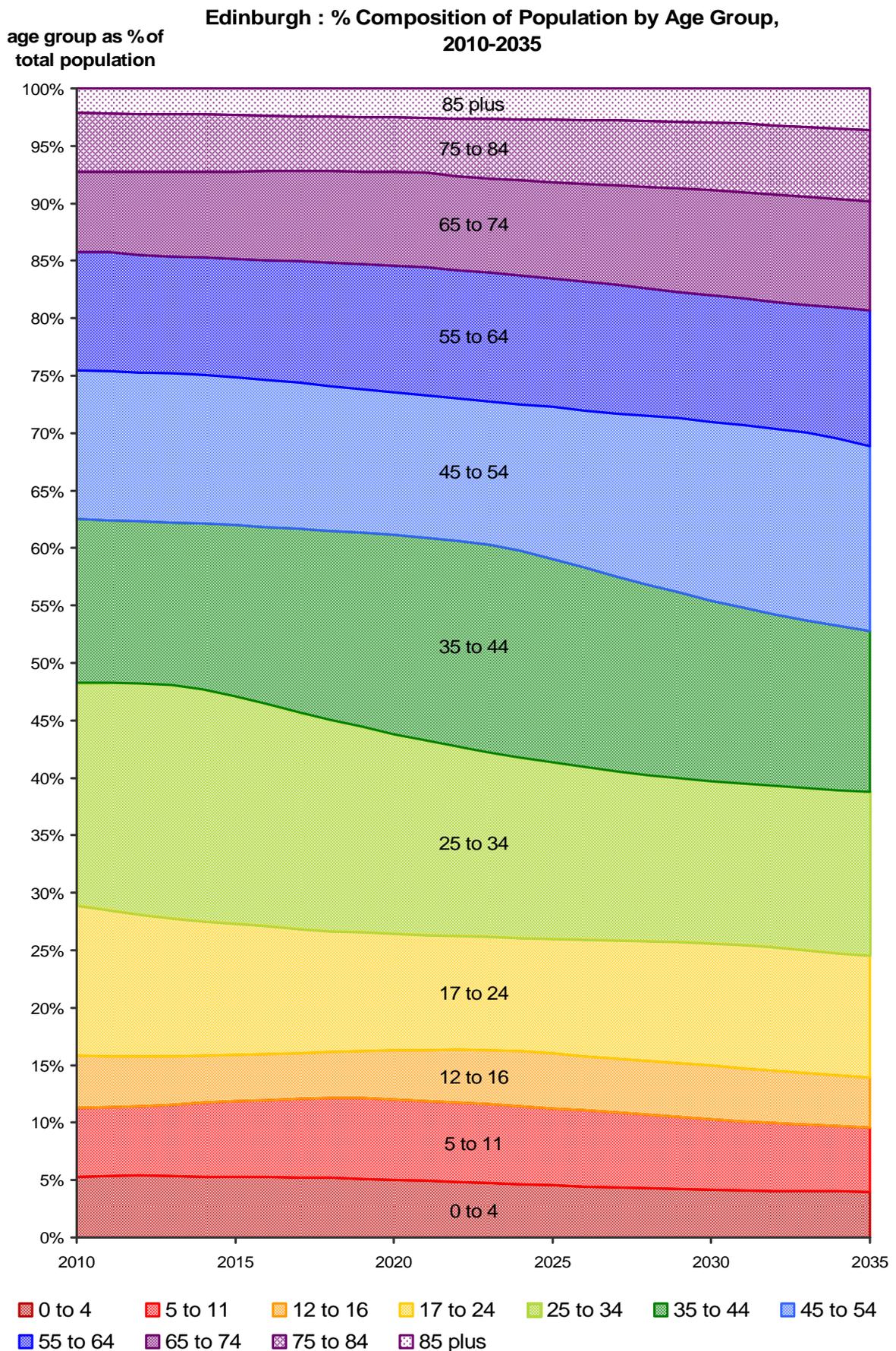
Graph 6: Edinburgh's population by age group, 2010 to 2035: absolute population counts (1)



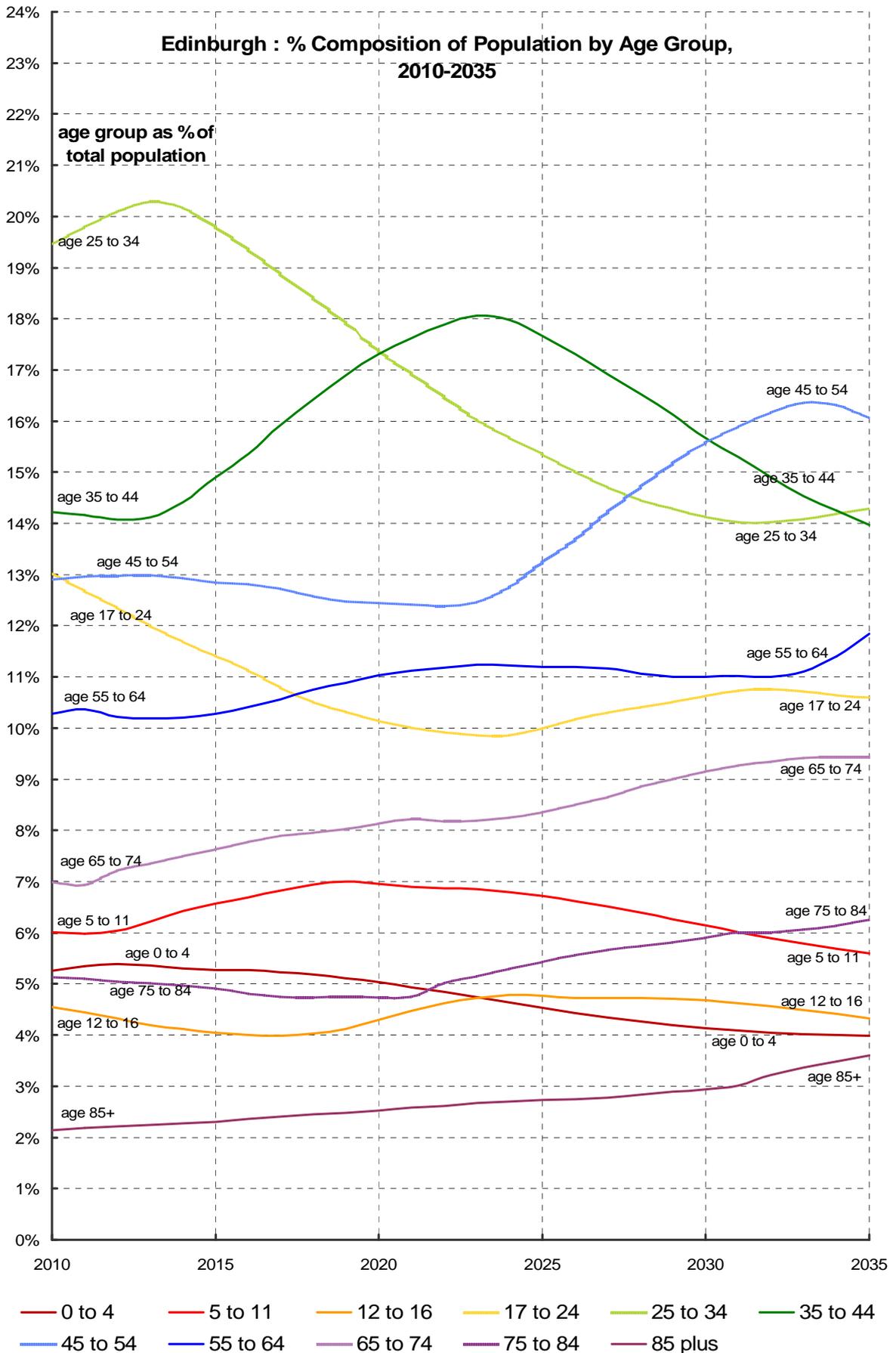
Graph 7: Edinburgh's population by age group, 2010 to 2035: absolute population counts (2)



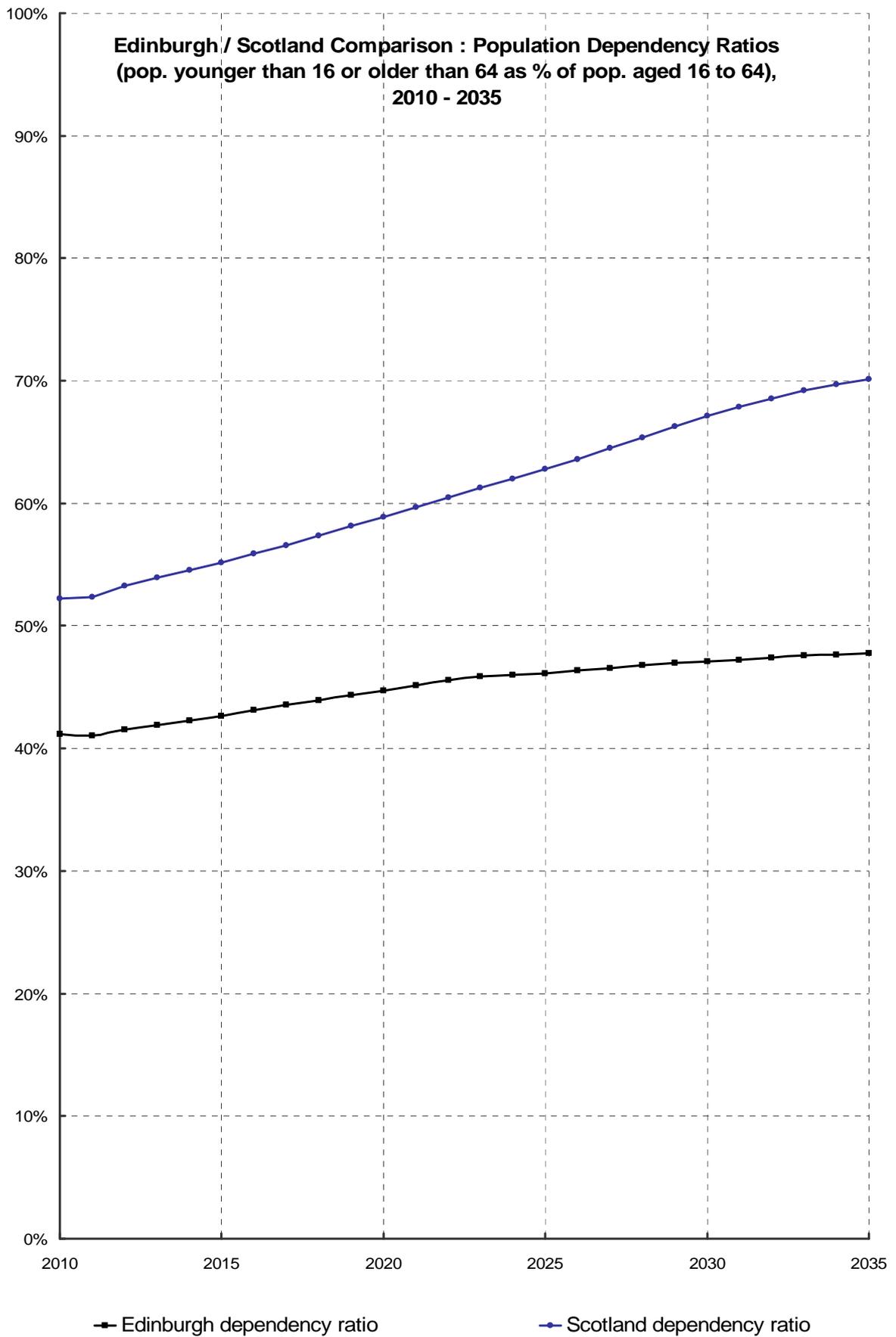
Graph 8: Changing composition of Edinburgh's population by age group, 2010 to 2035 (1)



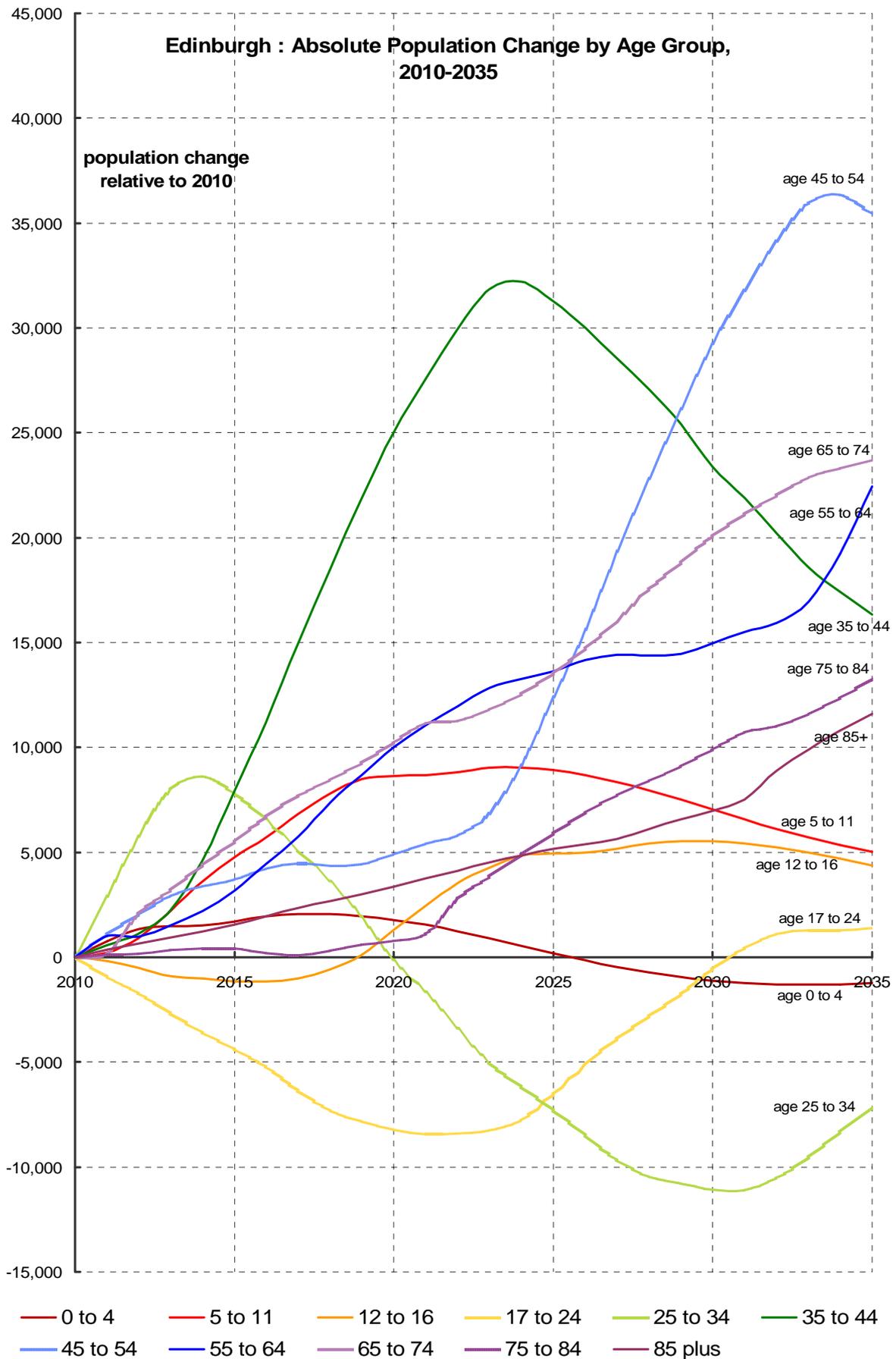
Graph 9: Changing composition of Edinburgh's population by age group, 2010 to 2035 (2)



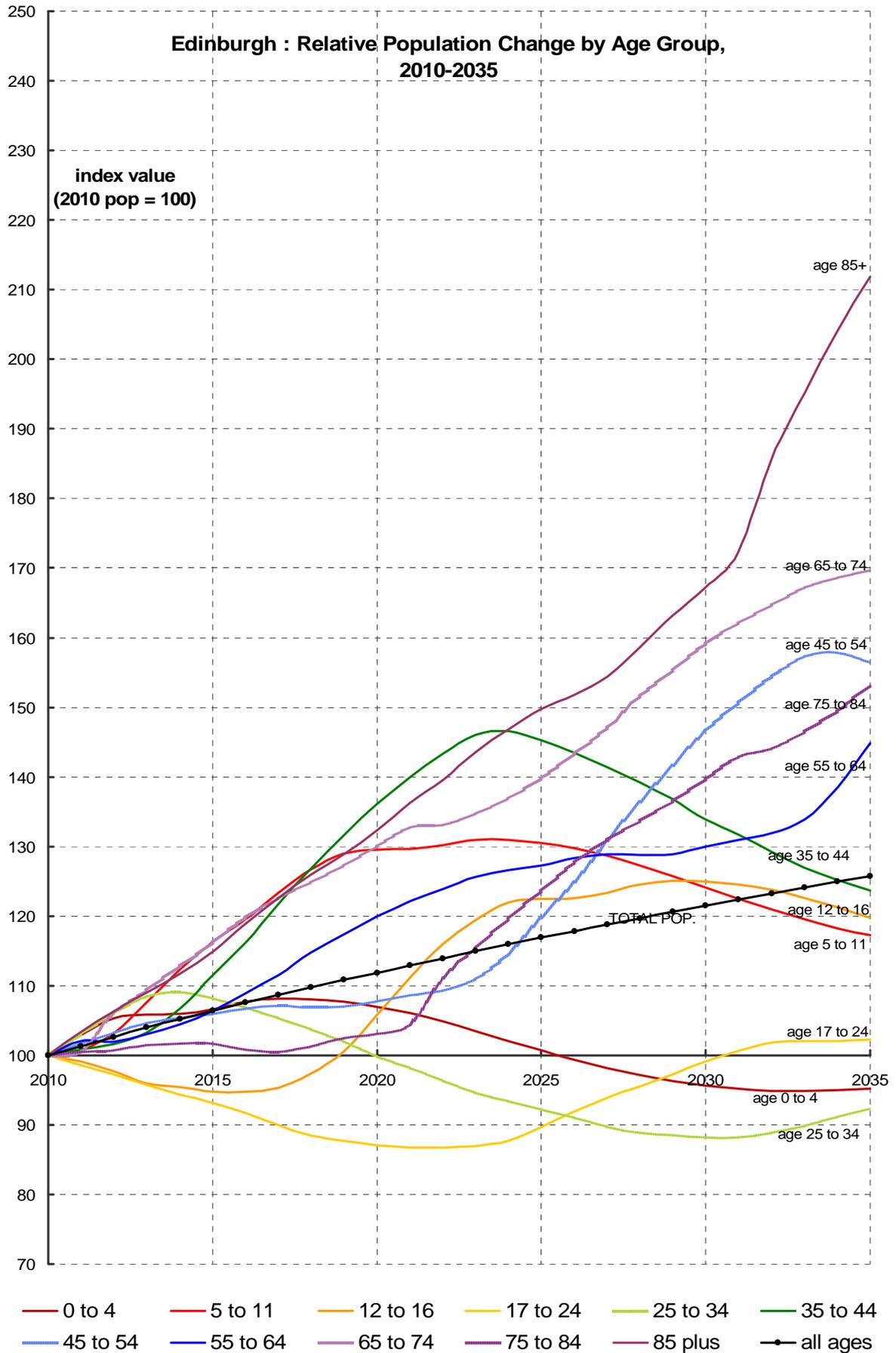
Graph 10: Edinburgh/Scotland comparison of dependency ratios (non-working age as % of working age)



Graph 11: Absolute change in Edinburgh's population by age group, 2010 to 2035, relative to 2010

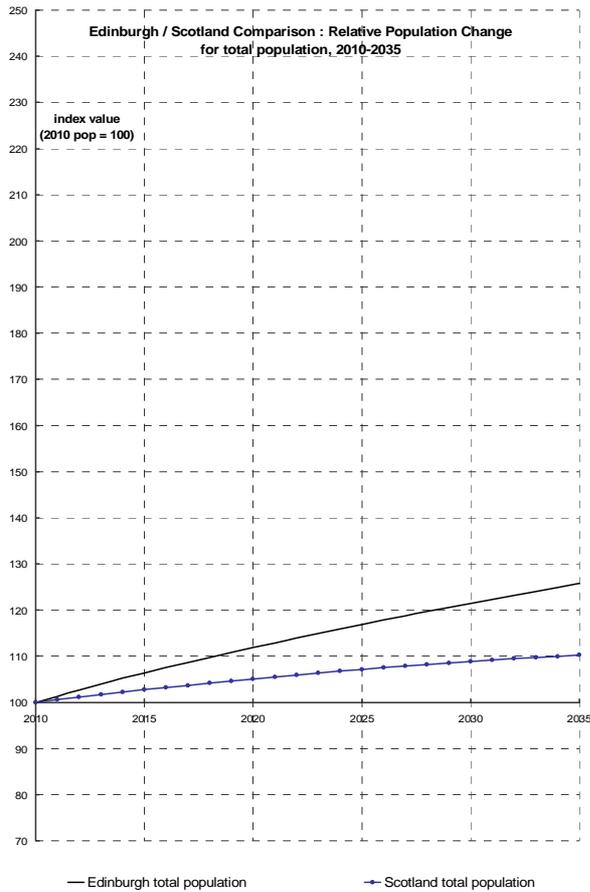


Graph 12: Relative change in Edinburgh's population by age group, 2010 to 2035, indexed to 2010

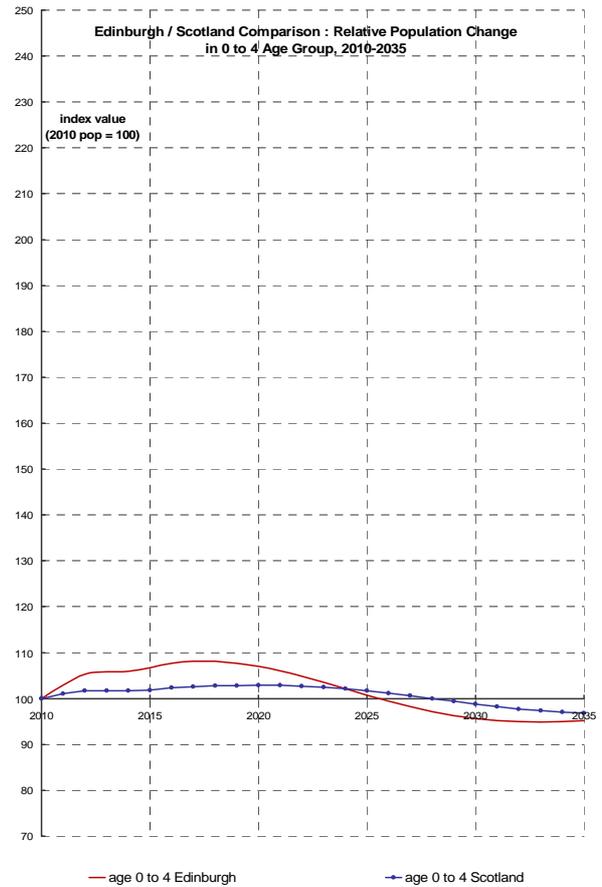


Graphs 13 (a) to (l): Edinburgh/Scotland comparisons of indexed population changes for individual age groups

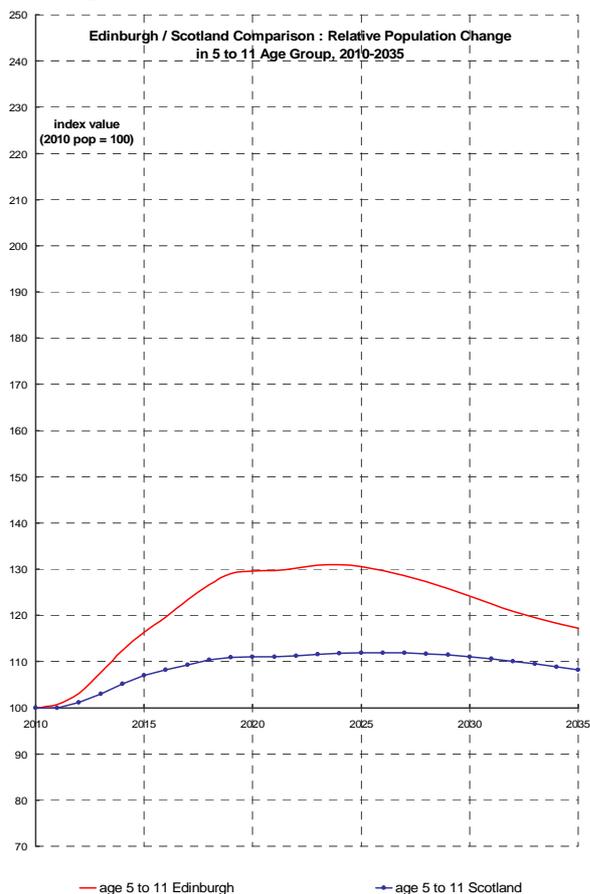
(a) Total population of all age groups



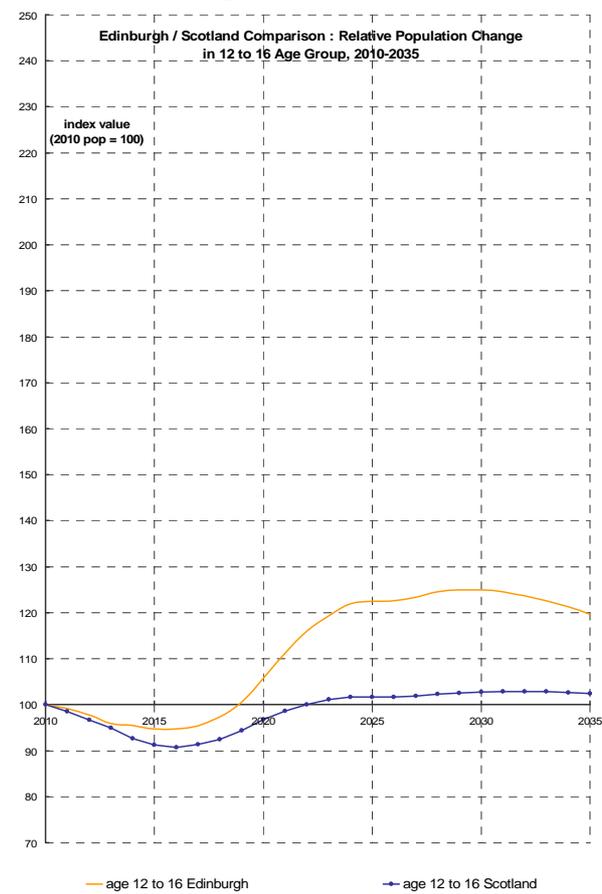
(b) Age 0 to 4



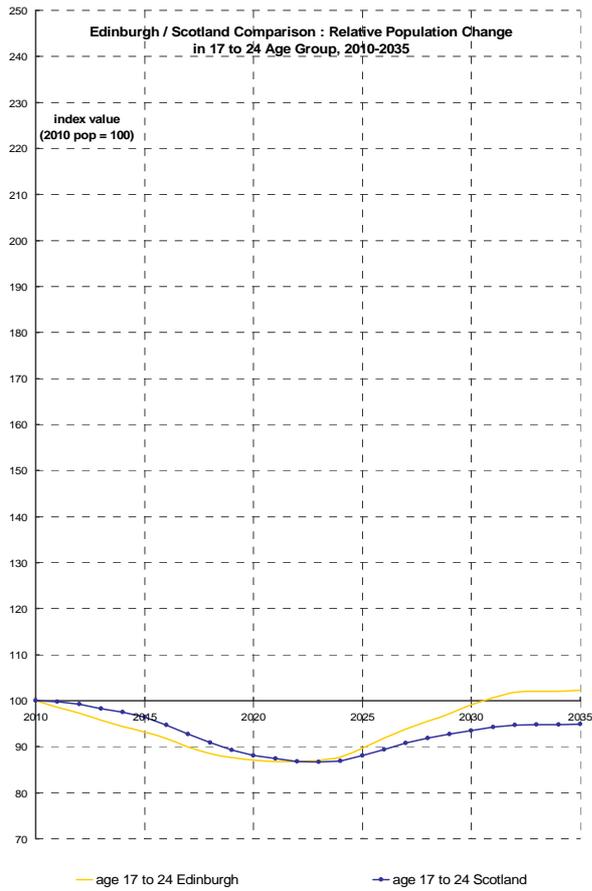
(c) Age 5 to 11



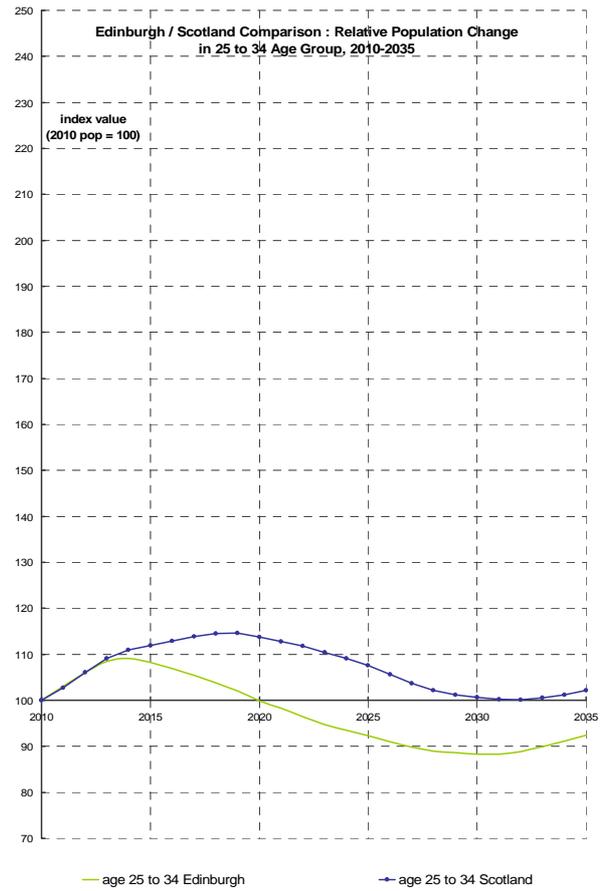
(d) Age 12 to 16

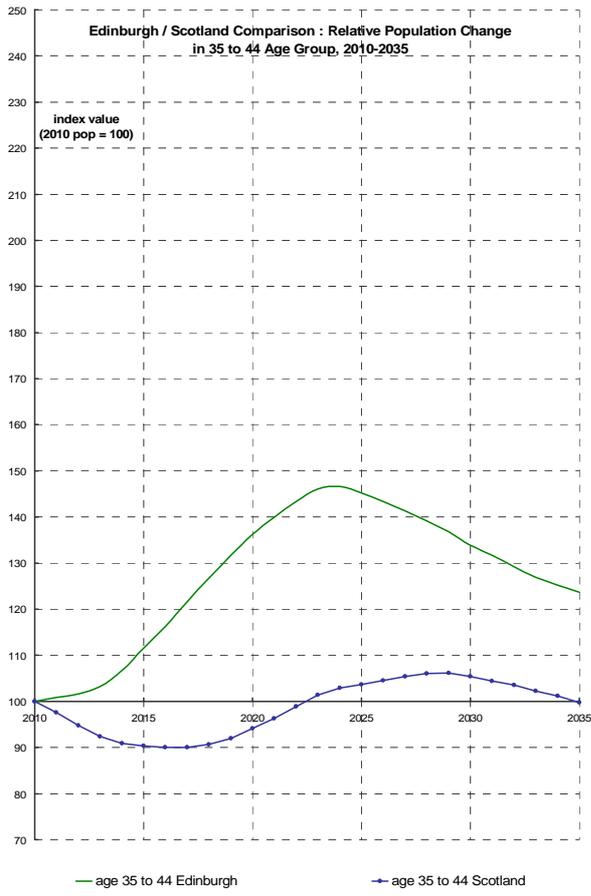


(e) Age 17 to 24

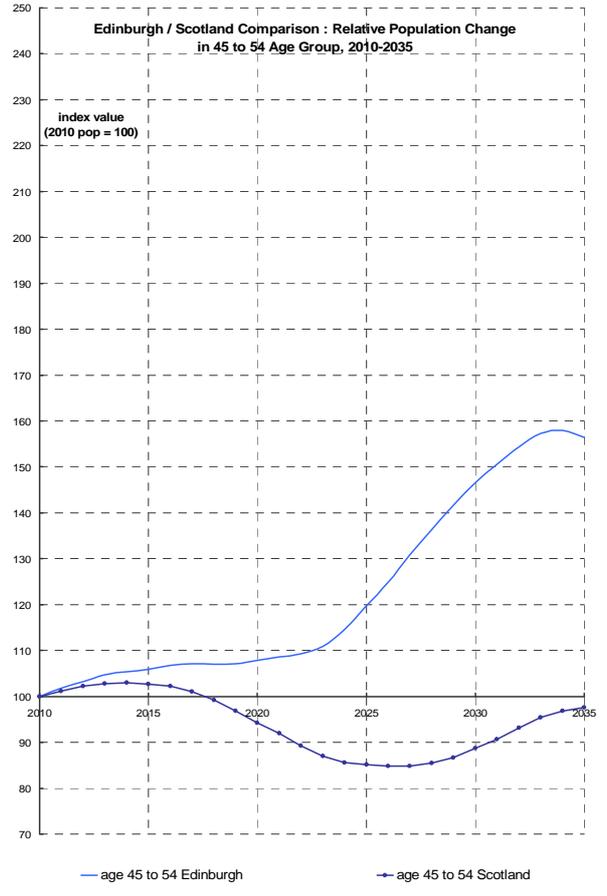


(f) Age 25 to 34

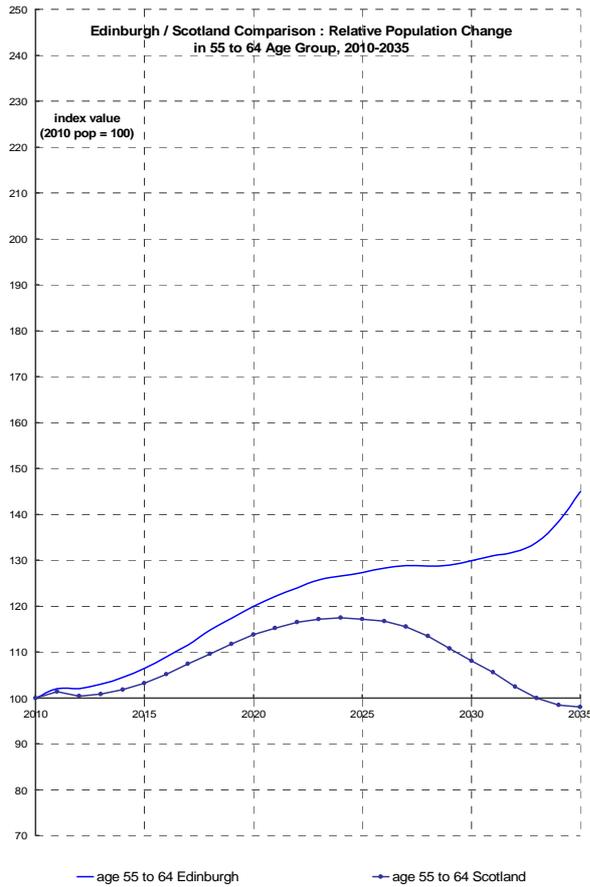




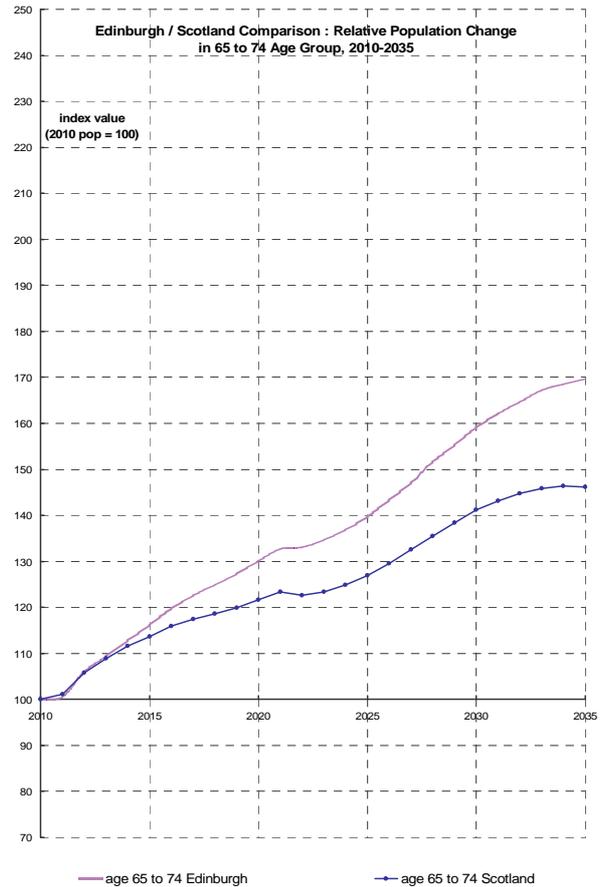
(g) Age 35 to 44



(h) Age 45 to 54

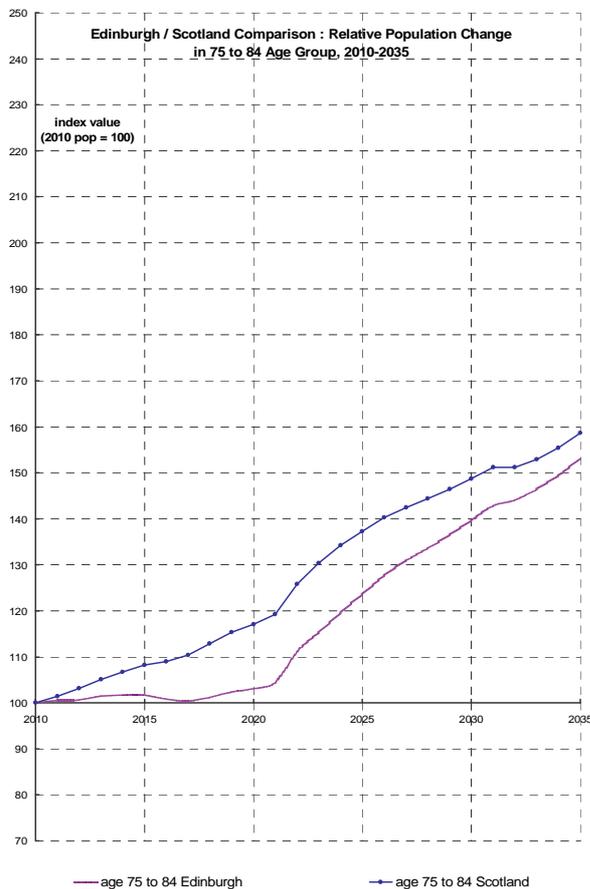


(i) Age 55 to 64

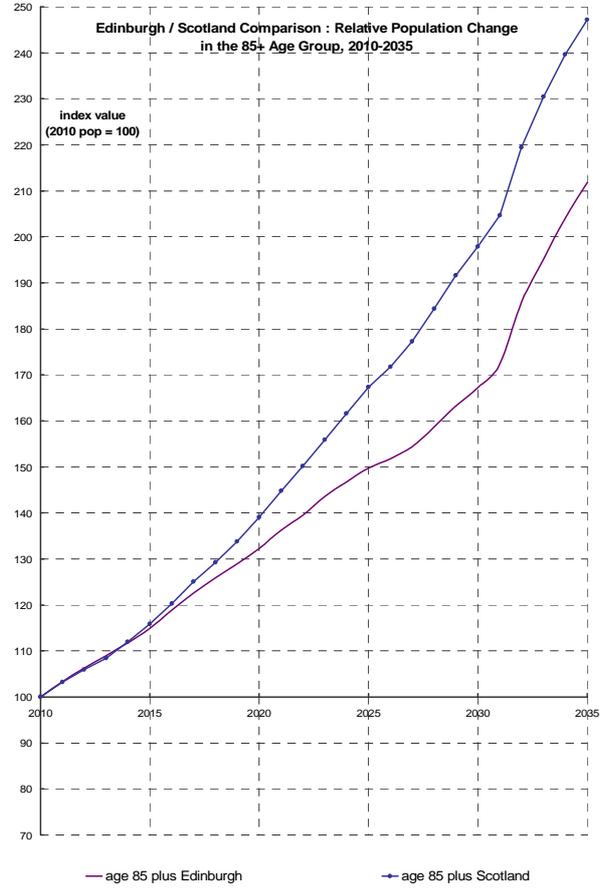


(j) Age 65 to 74

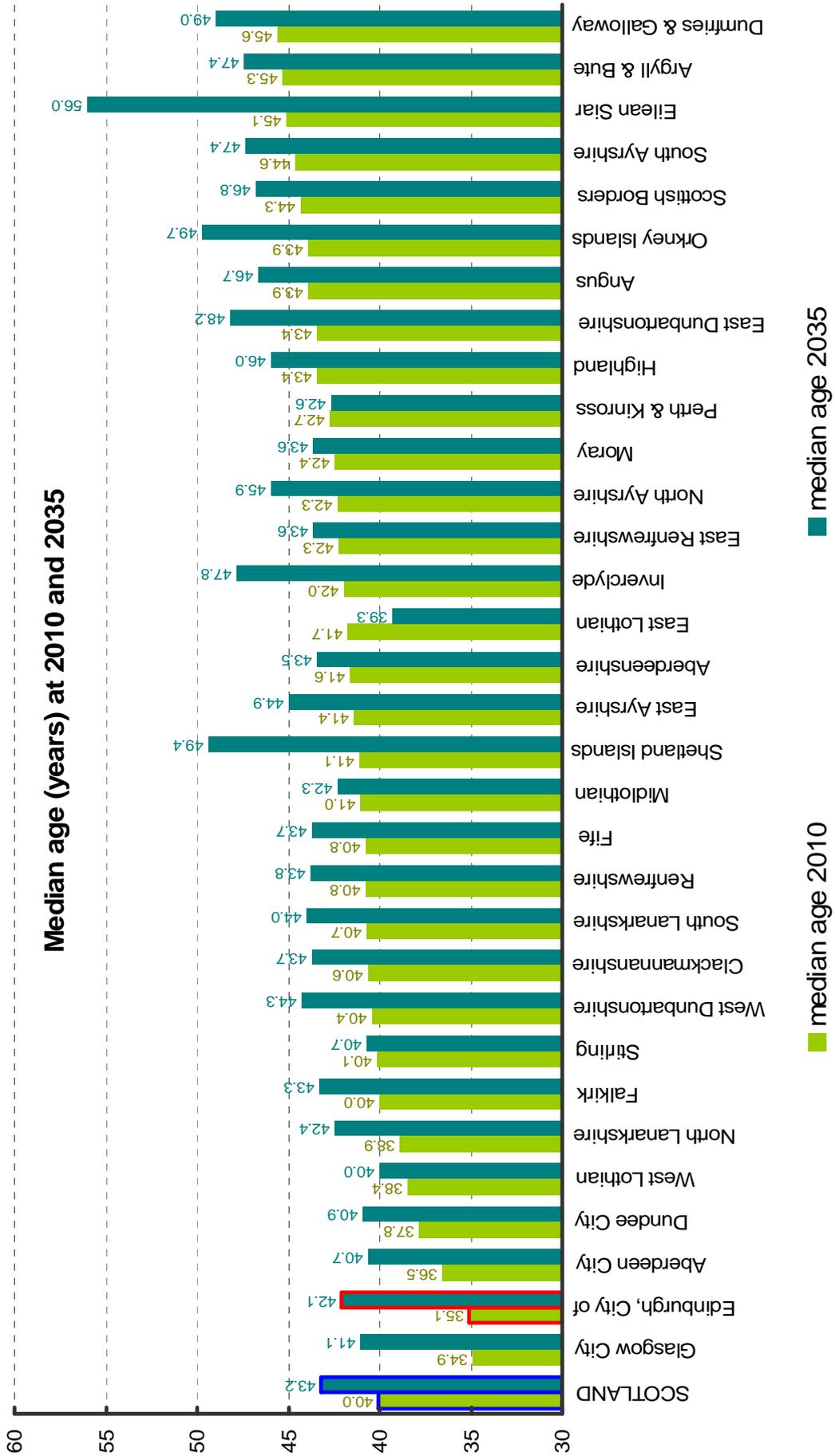
(k) Age 75 to 84



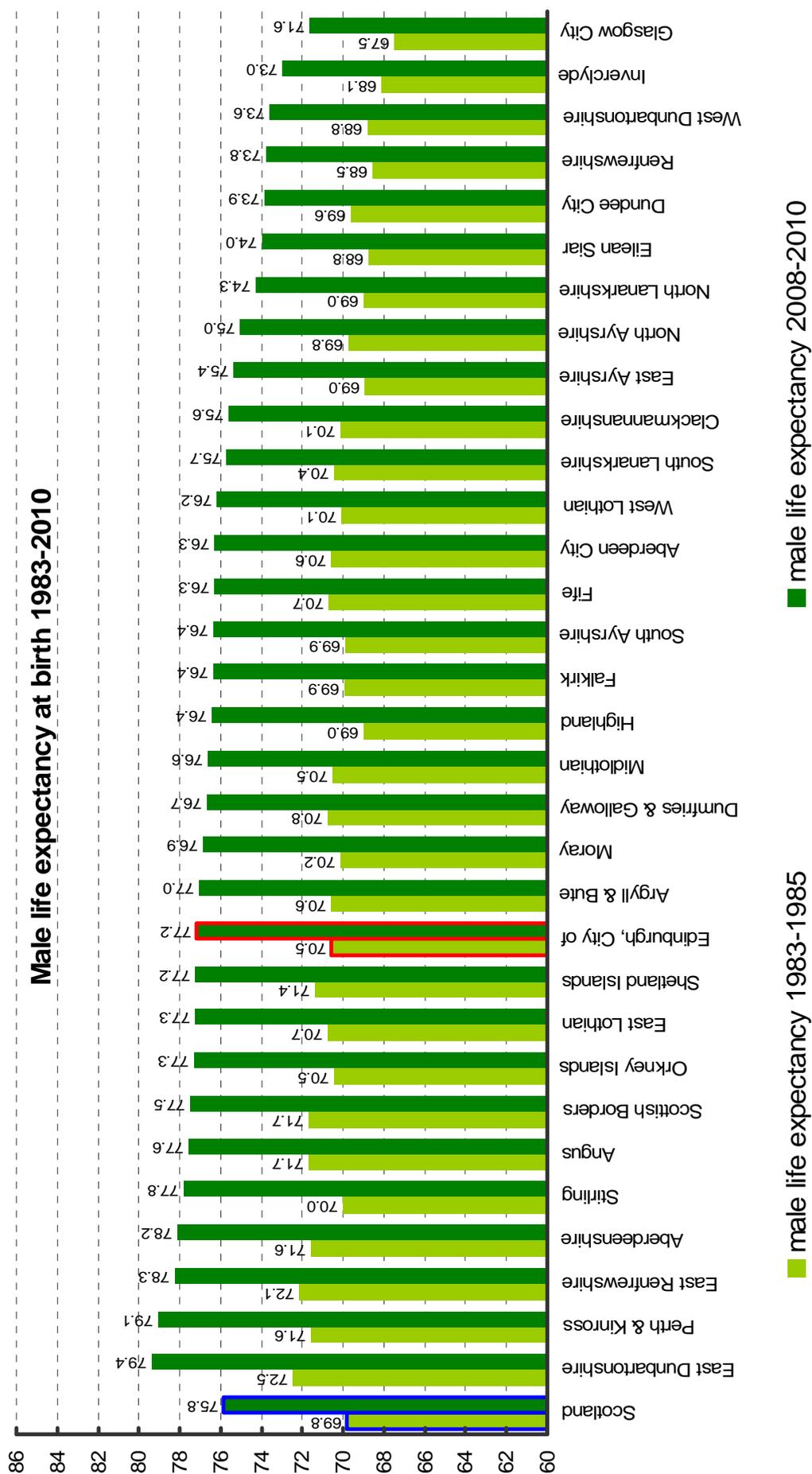
(l) Age 85 plus



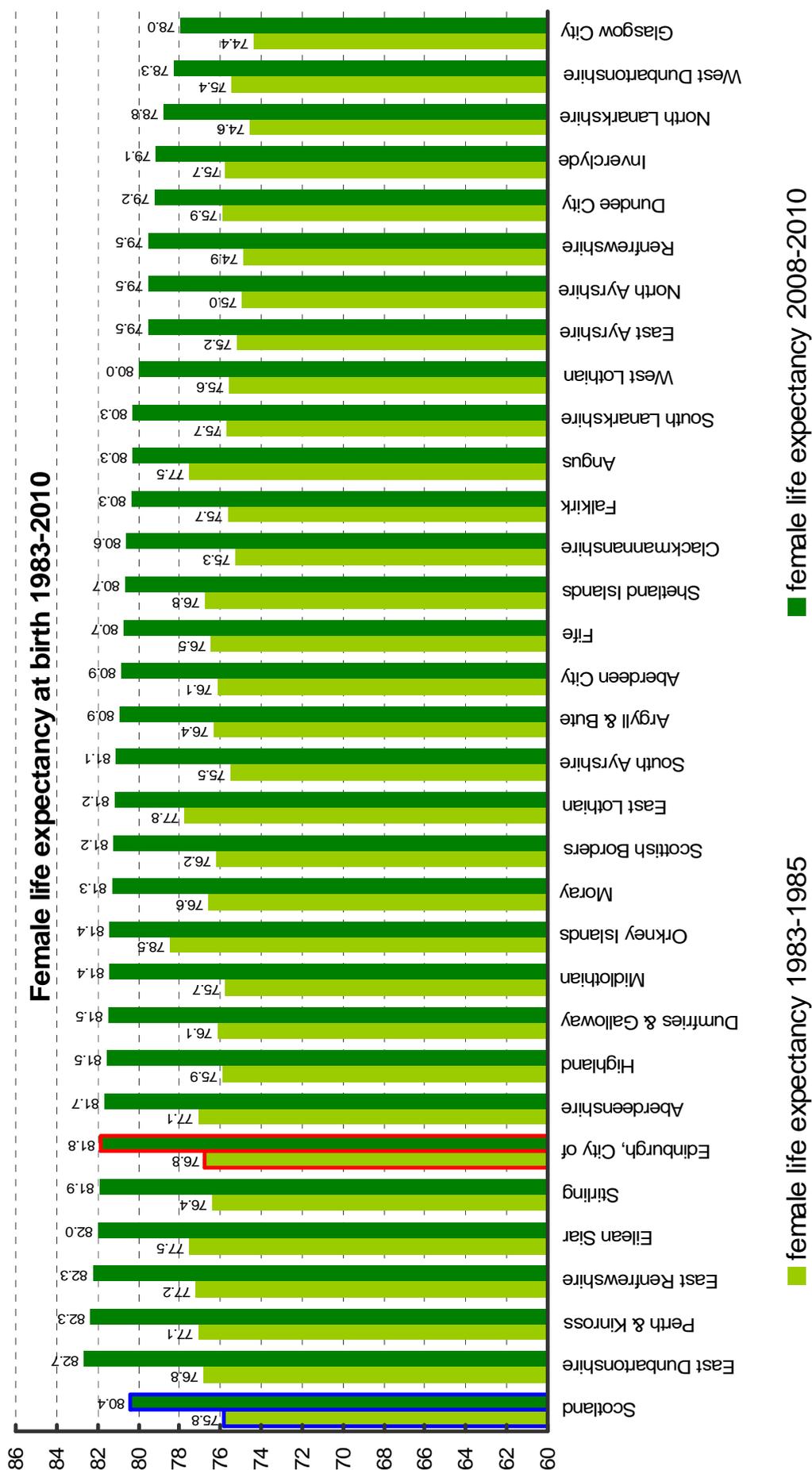
Graph 14: Average (median) age by local authority area, 2010 and 2035



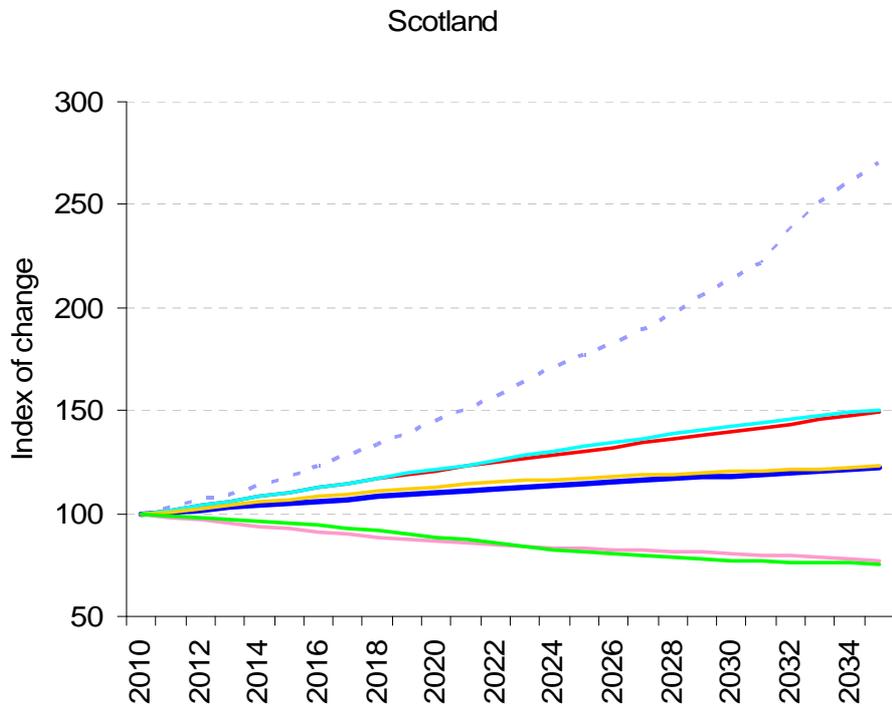
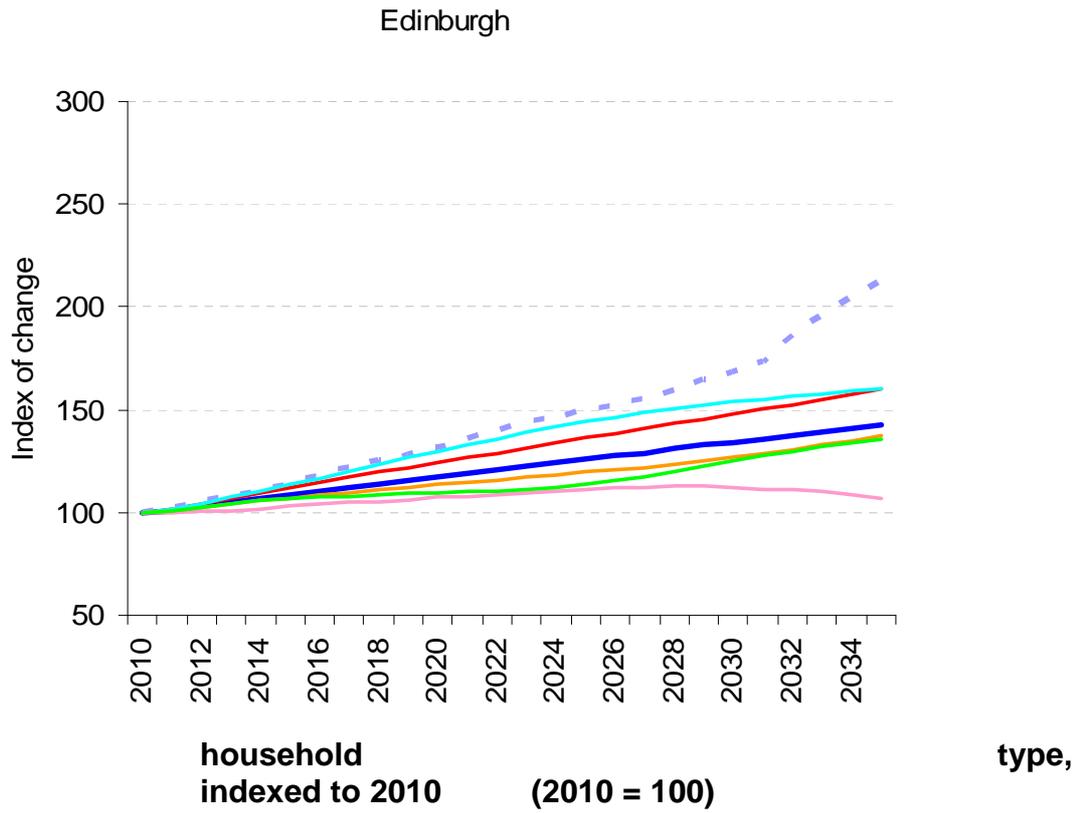
Graph 15: Average male life expectancy at birth by local authority area, 1983-85 and 2008-10



Graph 16: Average female life expectancy at birth by local authority area, 1983-85 and 2008-10



Graphs 17 (a) and (b) Relative growth in number of households, by



Implications of future demographic change for Council services

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Implications of future demographic change for Council services

Introduction

1. The Scottish Parliament Finance Committee inquiry into demographic change is particularly concerned with the effects of an ageing population on public finances, and identifies health & social care, housing, and pensions/workforce as areas where current approaches to service provision may require radical change. However the inquiry remit does allow some scope to consider other service areas, and other aspects of demographic change.
2. In order to identify any wider issues, service managers across the Council were invited to provide evidence and comments on the effects of demographic change and any steps that were being taken to prepare and adjust to anticipated future demands. This report summarises the information provided. It sets out more detailed background to the specific issues addressed by the inquiry, and also takes a broader perspective. It covers a wider range of Council services and considers the effect of changing population in younger as well as older age groups.

Demographic context

3. The Council and its community planning partners need to know who their customers are, how their demographic profile is likely to change, and how this will translate through into different needs and demands on services. Along with other sources, such as customer surveys and records of service usage, close **monitoring of population trends plays an essential role in helping to prioritise future spending**, especially when resources are constrained. Such monitoring is undertaken routinely to inform virtually the entire range of services provided by the Council, from refuse collection and libraries to schools and care services. As described in more detail below, it is now also built into the Council's long-term financial planning.
4. In addition to the direct provision of services, the Council has a statutory **land use planning** responsibility which ensures that adequate land is identified to meet the needs of future residents, workers and visitors. This encompasses all the necessities of everyday life, such as housing, employment, shopping, leisure, open space, health care, education, transport and waste. Strategic planning for land and infrastructure clearly needs to be based on the best available insights into future population size and composition.
5. **Increased longevity and ageing of the population** will have particularly far-reaching implications for services. Although Edinburgh has a relatively youthful population structure compared with many parts of Scotland, the expected rate of increase in the older age groups will pose a substantial challenge in terms of re-focussing services and budgets.
6. The Council has for some time adopted a co-ordinated approach to planning services for older people, recognising that the need to get best value from limited resources in the face of budget constraints and a growing population. This is reflected in its over-arching long-term strategy, 'A City for All Ages', which ran from 2000 to 2010 with the objective of promoting the economic and social inclusion of older people in Edinburgh. As described below, this early

work has continued to evolve in response to Scottish Government initiatives, the growing pace of population change, and ever-diminishing resources.

7. Although the ageing of the population has been highlighted as one of the most significant demographic challenges, it is by no means the only one. Some other age groups are also expected to grow in numbers in the short to medium term – notably **children of primary school age**. This means that some services for younger people are also likely to come under increasing pressure. In Edinburgh, the sheer **scale of recent and future population growth** is also a consideration which few other local authorities in Scotland have to contend with. The city's resident population is now on the verge of half a million, and is expected to grow to 600,000 by 2033. Other aspects of demographic change which affect service provision include the increasing number of **smaller households**, and the extent to which **inward migration** has fuelled growth and diversity.
8. **A summary of some of the key demographic changes which are likely to play out in Edinburgh over the next 25 years is provided in a separate briefing report.** This contains a number of graphs to illustrate the differential growth of key age groups, and highlights characteristics and trends which distinguish Edinburgh from other parts of Scotland. The analysis is based on the latest (2010-based) projections of populations and households undertaken by the National Records of Scotland (NRS).

Data sources

9. Whilst the **NRS projections** provide a good starting point for evaluating future requirements, it is important to note that they are **not forecasts but projections** of what would happen if recent trends were to continue. Even over the short-term, trends may depart from those projected, as evidenced by the fact that Edinburgh's 2011 population already exceeded that envisaged in the 2010-based population projections. Given the substantial economic, social and policy shifts that have taken place over the last few years, at local, national and international scales, it may be contended that **past trends are no longer such a good guide to the future**. There is a particular risk in planning for long-term needs based on recent 'booms' which may not be sustainable over a longer period.
10. Some aspects of the projections, for example headship rates and new household formation, are calibrated only infrequently using census data. This can lead to a situation where official projections are slow to reflect changes in society (e.g. perhaps failing to pick up on the effects of the economic downturn, with fewer household members splitting off to form new households). This means that interpretation and adjustment to reflect local experience are sometimes required. A case in point is the consideration of actual births, as well as the projected population of young children, in assessing future primary school rolls.
11. All this does not detract from the value of the projections, but it does highlight their **sensitivity to assumptions** such as migration, household formation and fertility and the need to interpret them as a guide rather than a prediction. In the context of the present inquiry, there may even be value in thoroughly appraising the expected future trends in longevity (including healthy longevity),

and particularly how this might be influenced by political choices, economic constraints and other factors. Because of the uncertainties, it may be beneficial to place greater emphasis on contingency **planning for a range of scenarios**, and to assess the likelihood of each scenario coming to fruition, based on careful monitoring of trends. NRS does produce a series of variant population projections reflecting different combinations of migration/fertility/life expectancy assumptions. However, the Scottish Government could consider linking these more explicitly to different policy agendas and economic forecasts.

12. The decennial **Census of Population** provides a valuable insight into the self-assessed health of older people, and the circumstances in which they are living. This information is particularly valuable as it enables cross-tabulation with a range of census variables (e.g. age group, tenure, economic status), as well as providing a high degree of geographical resolution (variations within the city) and comparisons with other cities. However its relative infrequency means that the data may not fully reflect recent trends. The Council is aware that less costly alternatives to the Census are currently being appraised. However, it would be concerned if alternatives were introduced which failed to match the flexibility, reliability and consistency of the Census data, as this would risk diminishing insights into the changing needs of the elderly population.

Long-term financial planning

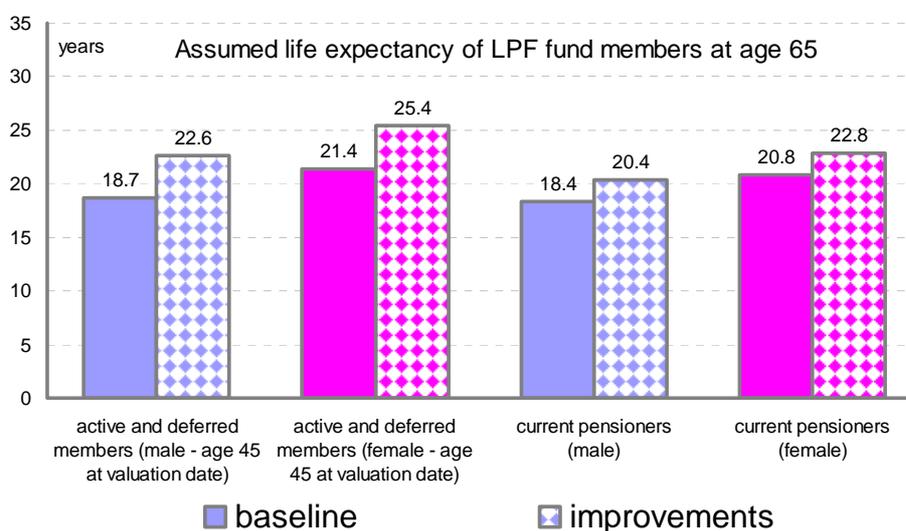
13. In October 2009, the Council introduced a 10-year '**Long-Term Financial Plan**' (LTFP) in order to take stock of projected future pressures on its budget. This was intended to secure effective allocation and programming of resources in the context of rapidly growing demand for Council services with no corresponding increase in grant support. Demographic changes are an important driver of rising demand, although there are a number of other underlying factors too, including delivery of new central government priorities, wider social and economic changes, and generally rising expectations. The Plan also makes due allowance for factors such as pay awards, inflation, liabilities such as Landfill Tax, and sums due under the Carbon Reduction Commitment.
14. The main aim of the LTFP is to identify and, where possible, quantify the key factors influencing the costs of service delivery, compare these to the estimated level of resources available to the Council (through grant funding, Council Tax and fees and charges income), and hence to calculate the overall level of savings requiring to be delivered. Over the period since its introduction, the plan has become firmly established as the Council's **primary financial planning tool**. As one of the first authorities in Scotland to develop such a plan, the Council has received a number of subsequent enquiries from other authorities looking to learn from its experiences.
15. The LTFP is an evolving model, being regularly reviewed and updated as new information becomes available. The latest update covers the period to 2020-21, and incorporates demographic provisions submitted through the Council's Budget Group in December 2011. Relative to amounts included within the current year's budget (2012/2013), some £52 million of additional demographic change-related expenditure has therefore been assumed within the LTFP by 2020/2021.

16. **Demographic adjustments** are an intrinsic and central feature of the model. Since its inception, it has included provision for the estimated expenditure impacts of increasing numbers of elderly and those with complex and long-lasting learning and /or physical disabilities. Latterly, emerging trends in respect of increasing early years and primary education numbers have been provided for. These trends will feed through into the secondary education sector in due course. As well as purely demographic factors, further financial provision in line with sustained increases in the number of at-risk children has been made. In addition to these factors, attention is currently focussing on the costs associated with mental health and substance addictions issues and whether these need to be incorporated in the plan.
17. The following sections of this report provide more detailed background information on the way in which demographic changes are expected to generate new demands on key services provided by the Council. They also describe some of the key assumptions used to estimate impacts on budgets, and some of the measures which are being proposed to mitigate these impacts. (Note that not all of the impacts discussed here have been formally captured and quantified under the 'demographic change' heading in the LTFP).
18. Before turning to services provided to the local community, however, it is necessary to address the issue of demographic trends impacting on public sector pension schemes, as this has been raised as a specific issue by the Scottish Parliament Finance Committee.

Pensions

19. Actuarial valuations of the Lothian Pension Fund (LPF) are carried out every three years to gauge the amount of money needed to pay future pensions. Assumptions about longevity (or life expectancy) are a fundamental component of these valuations. LPF has recently become a member of Club Vita, which carries out bespoke analysis of the longevity of Fund members and monitors how this changes over time, so that the longevity assumptions at the valuation are tailored as closely as possible to the unique profile of the Fund membership. Graph 1 summarises the key assumptions used in the 2011 valuation, showing how **longevity is expected to improve for active and retired members, both male and female.**

Graph 1: Lothian Pension Fund life expectancy assumptions (2011 actuarial valuation)



20. Steadily improving longevity has the effect of **increasing pension fund liabilities**. For Lothian Pension Fund, the actuarial assessment is that over the years 1999 to 2011 liabilities increased by approximately 11%, that is £214m, owing to improved life expectancy. It is possible that the allowance for enhanced longevity may increase at future actuarial valuations.
21. The 2011 actuarial valuation report for Lothian Pension Fund sets out how sensitive past service liabilities are to changes in significant assumptions. An increase in life expectancy of 1 year at the 2011 valuation (based on the assumptions at that time) would have increased the past service liabilities by around £72m or 2% of the total liabilities. However, the report noted greater sensitivity to some other assumptions, e.g. each 0.5% salary rise would cause liabilities to rise by 3% while each 0.5% increase in inflation would cause liabilities to rise by 9%. The need to ensure that resources balance with liabilities over a very long time period means that there will inevitably be many risks and uncertainties which need to be closely monitored and managed.
22. The effects of rising longevity assumptions are **compounded by falling investment yields**. If the current low yield environment continues in the future, increasing longevity assumptions will have an even greater impact than that observed in the past. For example, if current investment returns were applied in conjunction with the life expectancy trends experienced between 1999 and 2011 then past service liabilities would be around £400m higher, rather than £214m higher.
23. In March 2011, the UK Government accepted the proposals made by the **Independent Public Sector Pensions Commission**, led by Lord Hutton. LPF submitted evidence to this Commission and, in very broad terms, is **supportive of its main recommendations** and considers that they strike a reasonable balance between fairness and cost (e.g. in relation to career average salaries, raising of retirement age, improved scrutiny and need for a cost ceiling). On 31 May 2012, the Local Government Association and trade unions agreed on a set of proposals with the UK government for reform of the Local Government Pension Scheme in England & Wales, in accordance with the principles laid down by the Hutton Review.
24. The Scottish Government is expected, over the coming months, to review the affordability and sustainability of the current **Scottish Local Government Pension Scheme**, in consultation with both CoSLA and trades unions. LPF will be consulted on the outcome of these discussions, but in the meantime has no further comment to offer on actions which should be taken by the Scottish Government or other public bodies.

Health and social care: (a) older people

25. With increasing age people are more likely to need care and support, and thus the rapidly growing number of elderly citizens is likely to generate significant additional demand on services. The methodology used to model the impact of the ageing population on demand for social care services takes into account the fact that the need for services is much higher for the older elderly (aged 85+), than for younger age-groups (65-74). First, age-specific service volume utilisation rates are calculated for the base year (care homes bed-nights,

domiciliary care hours, etc) separately for each of the three elderly age-groups (65-74, 75-84, and 85+). Then these age-specific rates are multiplied through by the population projections for these age-groups for each future year (updated every two years by NRS). The resulting service volumes are converted to net expenditure via the current unit costs per night or per hour.

26. This methodology keeps current service utilisation rates constant and therefore assumes that eligibility criteria are not changed. This means that the current balance between met and unmet need will continue into the future. Future need is measured at current service utilisation rates, and no account is taken of whether the longer-living future elderly population will be healthier than currently. The available research evidence on **healthy life expectancy** is mixed. If and when a clearer view emerges, and there is useable data, then the methodology used to predict the need for social care for future elderly populations will need to be changed. However, this issue is of greater relevance to medium to longer term estimates of future needs than it is to one-year, three-year, or five-year budgeting.
27. The methodology also assumes that particular drivers of need, for example the increasing numbers of older people with **dementia**, are effects only of the ageing population and increased longevity, and not due to other causal factors (such as diet or pollution) operating alongside age. In relation to dementia, research is required to assess whether there are changes in age/sex-group specific prevalence, over time.
28. **Inflation** can be built in, as required. Working in net expenditure assumes that **income from service user charges** will continue at the present level. However, this is not a realistic assumption as income from charges has been falling for older people as a consequence of Free Personal Care combined with tighter eligibility criteria reducing support for chargeable services. The Council is looking further into this issue.
29. In five year's time (2016-17), we expect to have to spend £10.5 million more on social care for older people (at 2009-10 prices; estimates currently under review). In a situation where resources are likely to diminish rather than increase, the Council takes the view that the current model of service provision is not sustainable, and an **alternative approach** has to be pursued urgently. This **must be focussed around greater independence and choice for older people**, and less isolation from other generations, enabling them to live healthy, active and fulfilling lives at home, or in a homely setting, for as long as possible.
30. Such an approach is now being promoted by the Scottish Government through its 'Reshaping Care for Older People' programme, and its '**Change Fund**'. The Change Fund is intended to support Councils and partner agencies in re-casting and co-ordinating health and social care services to achieve better outcomes at no additional cost.
31. The '**Live Well in Later Life Joint Capacity Plan**' is Edinburgh's framework for planning services for older people. Its **aim is to shift the balance of care** to the community, with more support for older people who wish to stay in their own homes, increasing choice and independence. Live Well was developed jointly by the Council and NHS Lothian, with involvement of key stakeholders from

third sector organisations and older people themselves, and is managed through a joint Older People's Management Group. Change Fund workstreams will progress key aims to:

- increase self help and promote independence in the community;
- reduce social isolation by increasing preventative interventions;
- shift the balance of care from institutional to community based settings;
- reduce the length of stay in care homes;
- reduce direct admissions to long stay care homes from hospital;
- reduce the number of hospital based beds;
- reduce emergency bed days for people over 75;
- reduce the total number of delayed discharges; and
- support the change programme through organisational and cultural development.

32. Edinburgh's 2012/2013 allocation from the national Change Fund is £6.872m. This will be supplemented by £0.988m carried over from the 2011/12, and £1.774m of the Council's own funding. On top of this, the Council's 2012/2013 budget includes an additional £2.766m for older people's services, of which £2.086m comes under the heading of 'demography adjustment'.

33. Several Change Fund initiatives are already helping to achieve the aims of the Living Well strategy, for example through a renewed focus on anticipatory care, and enhanced support in community settings following discharge from hospital (including development of a 'virtual ward' model). **Recent achievements** include:

- the enhancement of the homecare overnight service providing between 40-60 additional visits per night;
- the enhancement of the re-ablement service to provide an additional 560 hours of direct support to individuals each week;
- investment of £553,000 in innovative projects for older people within the voluntary sector;
- further investment in telehealth / telecare;
- an additional 1,500 hours of Care at Home services;
- over 1,000 staff trained in medication procedures;
- significant communications and engagement with a wider range of stakeholders; and
- increased dialogue, joint planning and increasing alignment of goals between partner organisations.

34. Progress on the Living Well strategy is assessed using a **wide range of indicators** which are reported on a regular basis to the Change Fund Core Group and the Joint Older People's Management Group.

35. High level indicators, intended to measure impact across the system, are monitored through the **Single Outcome Agreement** (SOA) process. An example is the 'balance of care' indicator which measures the proportion of older people with high levels of need who are supported at home, in contrast to living in a care home or in an inpatient complex care / continuing care bed in hospital. Edinburgh's balance of care has shifted significantly, from 21.5% in

March 2004 to 29.4% at July 2011. It is aimed that this balance of care will further shift to 40% by 2018.

36. The Council's **experience with the Change Fund has generally been positive**. It has provided a momentum for change and has encouraged dialogue, joint planning and a closer alignment of goals and values. Closer engagement with acute sector colleagues, the voluntary sector and private sector care providers are all now beginning to yield tangible benefits.
37. Nevertheless, it is too early to assess how much of the additional future demand for social care for older people can be reduced by these measures. The Change Fund is relatively modest compared to total NHS and social care spend on services for older people. The key issue remains: how can the Council and other public sector bodies free up sufficient funding for investment in prevention on the scale required to significantly reduce future increases in demand when available budgets are under pressure to meet existing levels of demand.

Health and social care: (b) support for carers

38. Increasing investment in support to carers must be central to any preventative strategy. In volume terms, more "social care" is provided by carers (mainly partners and other family members), than by employees of local government, the NHS, or private and voluntary care sectors. "Carer breakdown" remains a major cause of admission to hospital, care homes, or high intensity support at home. Increased funding for support to carers is therefore an important strategic policy objective.
39. The SOA includes a high level indicator which measures the level of **respite care** for older people (rate per 1,000 population aged 65+). Respite care provides a break for carers and can allow them to continue to support the person they care for to live at home. The latest available national figures show Edinburgh to have increased its respite care to adults since 2007-08 by 1,457 weeks.

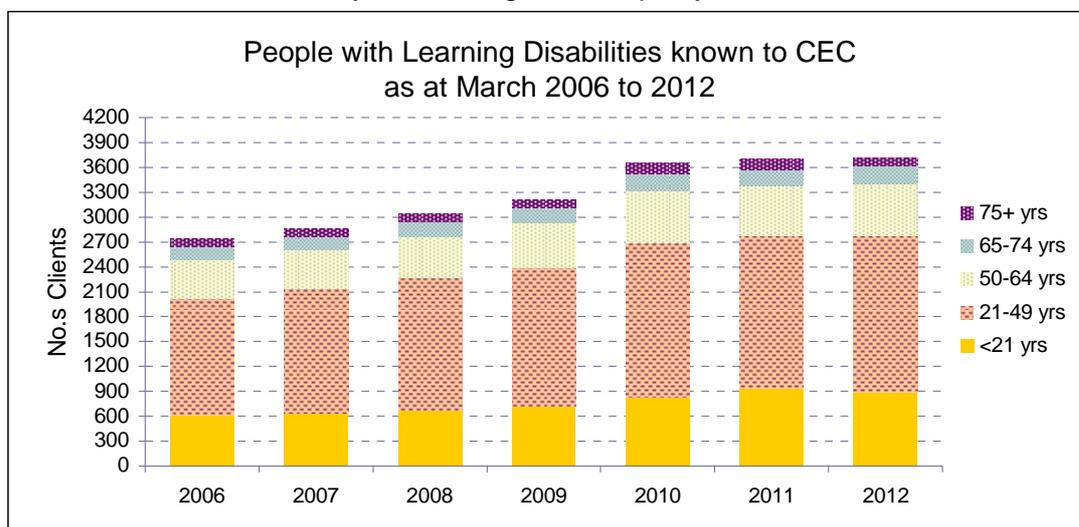
Health and social care: (c) adults aged 18-64 with a disability

40. The impact of demography on increasing demand for social care services is not restricted to older people. The number of people with disabilities is also increasing in all age cohorts, although less information is available nationally.
41. In 2004, NHS Health Scotland's *Health Needs Assessment for **People with Learning Disabilities** in Scotland* confirmed that:

"The life expectancy of people with learning disabilities is increasing and in future there will be more people with learning disabilities, more older persons with learning disabilities, and more persons with the most severe learning disabilities in all age cohorts".
42. Unfortunately, this report did not estimate future numbers or the rate of increase that could be expected for different age-groups. Some work on future needs has been carried out by the University of Lancaster for the Department of Health in England, although this is based only on projecting forward into adulthood the numbers of currently known children and young people with a

learning disability. The NHS Health Scotland report had stated that “*The eSAY project co-ordinated by the Scottish Consortium for Learning Disability will lead to better information in future*”; however, the information on numbers of people with learning disabilities currently known to local authorities does not support future population needs planning.

43. In Edinburgh, the total numbers of people with learning disabilities known to the Council increased by an average of 5% per year between 2006 and 2012:



44. Estimates of future net expenditure requirements in Edinburgh’s Long Term Financial Plan are based on the actual cost of providing adult social care services for school leavers with a learning disability in the base year, with modest growth projected from the numbers of school leavers in recent years, plus an additional net 5 placements in accommodation for support for adults with high priority needs on the accommodation waiting list. In five year’s time (2016-17) we expect to have to spend £13.4 million more on social care for adults with learning disabilities, compared to £10.5 million more on older people (both at 2009-10 prices; estimates under review). This is partly because learning disability services have higher net unit costs.
45. The numbers of adults with **physical disabilities** have been increasing for similar reasons to those set out above for learning disabilities, due to increased survival of very premature and low weight babies, and of people surviving strokes, road accidents and other trauma; and also reflecting the factors responsible for increased life expectancy in the general population. However, information on changes in the numbers of adults with a physical disability in the population is difficult to obtain and does not appear to be well-studied academically.
46. The 2001 Census contained questions about **limiting long-term illness**, and distributions by age and sex correlate reasonably well with results from earlier sample population surveys of disability in Great Britain. For this reason, self-reported limiting long-term illness (LLTI) is widely used as a proxy for disability. The age-specific rates in 2001 rose steeply with age, as expected, and applied to the most recent population projections for each age-group generate social care expenditure increases of around 1.5% per year in real terms for Edinburgh’s adult population aged 18-64. However, no account has been taken

of any increases there may have been since 2001 in the proportions reporting LLTI at each age-group (or in the proportion of people reporting LLTI with moderate to severe disabilities eligible for services). These estimates will be reviewed when the 2011 Census data becomes available which should show whether the age-specific LLTI rates are going up or down.

Health and social care : (d) adults aged 18-64 with mental health problems

47. There is considerable evidence that **mental health problems increase during recessions**. *“Demand for mental health services is likely to increase as a result of unemployment, personal debt, home repossession and other fallout from the recession”* (Royal College of Psychiatrists 2009). A recent review *“Economic Recession and Mental Health: An Overview”* (Cooper 2011) concluded that *“Economic downturns raise population levels of unemployment, poverty and distress, and this in turn tends to increase suicide rates and the prevalence of psychiatric disorders”*. The European Office of the World Health Organisation (WHO) also published papers in 2011 on the *“Impact of economic crises on mental health”* which contain similar findings and argued for investment in mental health services. In Scotland, a recent NHS Scotland paper (NMHIN, 2011) took a similar view.
48. None of the research reviewed to date contains models that quantify predicted increases in demand for health and social care services in relation to increases in unemployment or other indices of recession (such as annual change in GDP). There is also a lack of consensus as to how these economic indicators themselves will change over the next 5 years in Edinburgh, Scotland or the UK. This is also an area where more research would be useful.

Housing

49. With the **number of households in Edinburgh projected to grow** by 43% over the next 25 years (faster than anywhere else in Scotland), the sheer scale of demand is the key demographic pressure affecting housing in the city. Recent house building rates have been well below those required to meet future demand. The latest South East Scotland Housing Need and Demand Assessment identified that Edinburgh would require a total of 3,600 new homes every year over the next 10 years, of which 1,600 per year would need to be ‘affordable’. However, funding difficulties since the onset of the economic downturn resulted in just 500 private sector completions in 2010/2011, which is just one-third of the level achieved four years earlier.
50. The **shortage of affordable housing** is a particular concern, with Edinburgh house prices higher than anywhere else in Scotland. Recent research Commissioned by Communities Scotland concluded that the Edinburgh housing market area accounted for as much as 74% of the total affordable housing need in Scotland.
51. In order to address this decline, the Council has worked hard with partners to increase the supply of affordable house building. Over 1,500 new affordable homes were approved for construction in 2012/2013 through innovative approaches to funding and strong partnerships with developers. This will generate a total of £296 million of direct and indirect investment including £174 million of public and private grants and loans directly in new housing.

52. Even with the projected growth in construction rates arising from this innovation, Edinburgh will still find it difficult to meet the need for 3,600 new homes per year. To address this, the Council, its partners and the Scottish Government need to ensure maximum benefit from the available subsidy, target resources to where new homes are most needed and continue to identify innovative ways of funding affordable homes.
53. A second demographic pressure results from the **shrinkage in average household size**. There is a widening mismatch between household types and the size of homes available in the city. 71% of households are made up of single persons or couples with no children, but smaller dwellings (1 to 3 rooms) only account for 23% of the housing stock. The demand for smaller homes is expected to increase further due to welfare reform, with changes to housing benefits likely to encourage many households to 'downsize'. However, in considering the future mix of dwelling sizes, it may also be appropriate to make allowance for future lifestyle changes such as trends towards home working, which would tend to require higher standards of space provision per occupant.
54. **Ageing of the population** is the third major demographic pressure that Edinburgh will have to contend with. The most beneficial and cost effective approach to meeting the housing needs of the elderly is a pro-active and supportive one which underpins the changes in health and social care provision which are also needed. The aim must be to enable frail and less mobile people to continue living independently in their own home and in familiar surroundings for as long as possible.
55. As recognised in the City Housing Strategy 2012-2017, this will require a high priority to be given to **physical adaptations** of the existing housing stock, to meet the needs of Edinburgh's changing demographic profile. However, physical adaptations on their own will not be enough. They should be accompanied by a strengthening of **community support networks** and the provision of readily accessible, high quality **advice and information**, so that older people and their carers are aware of all the options available and can plan in advance. The Council's Homelessness Prevention Commissioning Plan identifies that early advice can help older people to plan for their future housing needs and prevent crisis situations developing. A local network approach linking older people with the community can help to minimise social exclusion. This can be achieved through befriending and volunteering, with older people being both the recipients and the providers in many cases.
56. In 2010/2011, the Council spent £790,000 on adaptations to its own homes, provided over £1 million for adaptations to private homes and administered approximately £0.5 million of Scottish Government funding for adaptations to RSL homes. A total of 673 adaptations were carried out across all sectors. Funding levels were increased in 2011/2012 to £875,000 on Council owned homes and £1.5 million grant support for private housing adaptations.
57. Reducing waiting times following a request for an adaptation is a local improvement measure for monitoring implementation of the Change Fund, and progress is being made on this. Joint working between Council services has helped to deliver both speedier and more flexible solutions.

58. Adaptations for Council properties are needs-based following an assessment by an occupational therapist. Where adaptations are required, the potential long-term needs of the tenant are also considered to ensure further adaptations can be carried out if required. This ensures the effective use of housing stock, appropriate re-letting of adapted properties and the offer of assistance to move to a more appropriate home where the property may not be suitable to meet the individual's long-term needs. This has resulted in a higher proportion of adaptations in Edinburgh than the Scottish average
59. The ageing population presents particular challenges in Edinburgh since the city has the second highest proportion of **flats** in Scotland. Many of these are in older, tenemental blocks which are **more difficult to adapt** (e.g. with no possibility of installing lifts to upper floors in many cases). This means that, proportionally, Edinburgh has fewer homes with ground floor access for older people and/or people with physical disability.
60. It is important to note that housing adaptations are needed not just in response to the ageing population, but also to meet the needs of the **wider population who have disabilities** or poor mobility, including younger people and war veterans. According to Scottish Government figures 52,000 households in Edinburgh – almost a quarter of the total – report that at least one member of the household has a long-term illness or disability (Scottish House Condition Survey 2007/09).
61. The Council attaches considerable importance to telecare services and has rapidly expanded its '**Community Alarm and Telecare Service**' (CATS) as a cost effective measure which not only supports older people to live independently at home, but also provides support and reassurance for their carers. Nearly 8,000 people in Edinburgh now have Telecare packages, and the number of new installations is expected to continue growing by around 500 per year. The growth of this service links with the Council's 'Live Well in Later Life' strategy (described above) and is supported by the Scottish Government's Change Fund.
62. Telecare¹ is not right for everyone and the needs of individuals change over time. The service therefore has to be responsive to changing needs and care requirements. It uses equipment to provide a service and is not a service that provides equipment. However, with appropriate use and training, a number of benefits have become apparent including:
- preventing admission to hospital;
 - reducing length of stay in hospital; and
 - preventing or delaying admission to long term care placements.
63. The current focus of development is around the introduction of Global Satellite Positioning (GPS) equipment. The service in Edinburgh has been working with partners within the Council and the NHS, as well neighbouring Local

¹ Telecare: The remote or enhanced delivery of health and social services to people in their own home by means of telecommunications and computerised systems. Telecare usually refers to equipment and detectors that provide continuous, automatic and remote monitoring of care needs, emergencies and lifestyle changes using information and communication technologies (ICT) to trigger human responses, or shut down equipment to prevent hazards.

Authorities, to develop an ethical framework to support the safe use of these emerging technologies.

64. As indicated earlier, making good **advice about housing options** readily available to older people is another important strand of Edinburgh's approach. This is essential to help people make informed decisions about their home and support needs, potentially avoiding the need for more costly intervention when a crisis situation develops. Housing advice services are likely to come under increased pressure, not only as a result of people living longer, but also due to benefit reforms and the general squeeze on household finances. Delivering the high level of service needed will present a considerable challenge at a time when local authorities face a reduction in spending.
65. Elderly households are likely to be affected disproportionately by **fuel poverty**, which has become increasingly prevalent over the last few years as a result of rising fuel prices and the falling value of retirement savings and pensions. Improving the energy efficiency of homes will therefore be of particular benefit to elderly households, enabling them to continue living comfortably and healthily in their own homes, close to family and friends, for as long as possible. In this sense energy efficiency programmes represent a sound investment, supporting the wider strategy to shift the balance of care from institutional environments to the community setting.
66. As well as improving the existing stock, it is important to ensure that **new housing** is flexible enough to meet the needs of tomorrow's population. The **Lifetime Homes** Foundation has identified 16 top level design criteria ranging from the width of parking spaces to accessibility of service controls and the potential for entrance level sleeping accommodation. It emphasises that *"Lifetime Homes are all about flexibility and adaptability; they are not 'special', but are thoughtfully designed to create and encourage better living environments for everyone. From raising small children to coping with illness or dealing with reduced mobility in later life, Lifetime Homes make the ups and downs of daily living easier to manage"*.
67. Most new-build affordable homes are now built to a more accessible standard, and the 2010 Building Standards Building Regulations have also improved accessibility standards. However, new housing only amounts to about 1% of the existing stock in any year, so the benefits will be incremental.
68. In addition to adaptable mainstream housing, **special housing** designed for vulnerable and less mobile people will also be needed. Since 2004/2005, 336 wheelchair accessible homes have been built in Edinburgh with funding from the Affordable Housing Investment Programme. In addition, since 2004/2005 the Council and its partners have invested £22.9 million in supported housing, including homes suitable for older people and vulnerable people. The consultation on the City Housing Strategy revealed that people felt that the allocation process for specialist housing should be reviewed to ensure it was prioritised to those who really need it the most.
69. Current budget pressures and grant restrictions mean it is **difficult to fund specialist housing developments**. One example of such a development is Elizabeth Maginnis Court (EMC) in Granton, which was delivered through a

partnership between the Council and Dunedin Canmore Housing Association. The development comprises 68 self-contained flats with integrated facilities to allow varying levels of housing support and care to be delivered in residents' own homes, according to their changing needs. Seven of the flats were designed for wheelchair users and incorporate wet rooms and adapted kitchens. There are two lifts providing access to every floor of the building. A Council day care centre is also present on site.

70. However the development required substantial capital funding. The communal features available in the development, such as residents' lounges, landscaped garden, dining area and scheme kitchen were specified in order that older people would not need to move into residential care if they became more frail and/or needed more care and support. The construction costs of these communal features are not eligible for government grant.
71. The Scottish Government should consider carrying out value for money assessments that take into account both capital and revenue costs. A comparison with the costs of supporting older people in other residential options would be more comprehensive for developments like this. By looking at the whole costs of projects and assessing benefits across public services (i.e. health, social care and housing) better, longer term solutions can be developed. As a general principle, government funding for new homes should adopt a 'spend to save' approach, taking account of the future costs of adaptations and the revenue costs of providing alternative housing.
72. Housing options, such as shared equity and mid-market rent may meet the needs of some older people who have access to private pensions, savings or equity. At present, discussion about **new investment models** have tended to focus on the role that they might play in meeting needs of working households. The potential contained within new investment models to meet affordable housing needs of older people should also be considered.
73. The Scottish Government has recently published a consultation document on proposals for the integration of adult health and social care in Scotland. It proposed a more integrated approach to **sharing information** across services. This should include housing services in relation to planning and provision of homes and housing support services.
74. Planning for the housing needs of the elderly would benefit from **improved data** in respect of:
 - The number of wheelchair accessible homes, especially in the private rented sector. This is particularly important as more focus has been placed on using the sector to meet people's housing need. This data can be collected through the Home Report and the Landlord Registration over time.
 - The number and percentage of people seeking social rented housing due to current homes being unsuitable for their needs. Edinburgh adopted a policy where re-housing priority is only awarded if adaptations and/or support cannot be put in place in the applicants' current homes.
 - The capacity and make up of the private rented sector, especially the number and percentage of students living in the sector. This will help make the best use of the sector to meet the housing needs of the range of

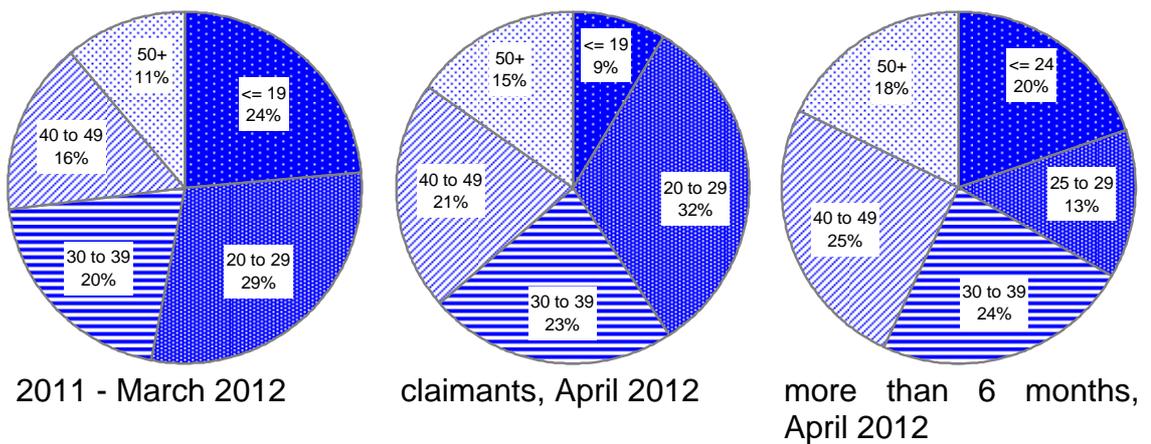
household types. Although some information is available on the number of private rented homes in the city, information on the average length of the tenancy and the number of homes available to let in a year is less clear. The number and proportion of students living in the sector is also unclear, making it difficult, if not impossible, to assess the capacity of the sector to meet the needs of non-student households. The new Tenancy Deposit Schemes could be a source of this data.

Labour force and employment issues

75. The combination of **demographic change** and **changes to the state pension age** will bring many more older people into the labour market over the next 20 years. In light of the recent economic downturn, it will be particularly challenging to ensure that there are sufficient job opportunities for older as well as younger people. **Both ends of the age spectrum face a number of barriers to securing and retaining employment.** In the case of older people the risk is that many who are unable to find employment may face relying on out-of-work benefits rather than the state pension.
76. The City of Edinburgh Council is a major funder of **support services to unemployed people** of all ages, providing practical help to maximise employability and working with local businesses to identify suitable training and work opportunities. The **'Caselink'** client management system reveals that, over the 3 years since April 2009, the proportion of service users aged 50 or older has remained fairly stable at about 11%. This age group appears to be slightly under-represented in the client profile, given that 15% of Job Seekers Allowance claimants in Edinburgh are aged 50 to 64. (Graph 2). However this may reflect the recent focus of national initiatives on tackling youth unemployment (e.g. the 'More Choices, More Chances' strategy) to tackle the relatively high level of worklessness in this age group (Graph 3)

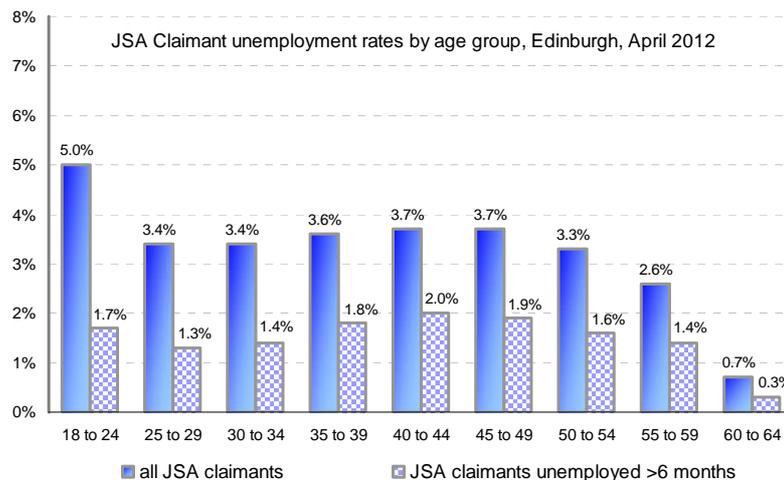
Graphs 2 (a) to (c): age profile of the unemployed in Edinburgh

Age profile of 'Caselink' clients, April 2011 - March 2012 Age profile of Job-seekers Allowance claimants, April 2012 Age profile of JSA claimants claiming for more than 6 months, April 2012



Graph 3: Unemployment rates by age group, Edinburgh, April 2012

77. The ageing of the population over the next few decades may require more



resources to be shifted towards supporting older people in employment, but as the costs per client are relatively independent of age, this should not create additional financial pressures. Such pressures are more likely to arise from the growing overall population in the working age groups, and will be highly dependent on the state of the local economy, unemployment levels and skills gaps.

78. The Inquiry remit specifically poses the question: “What should be the balance within public policy of support for older people who wish to remain in employment versus creating opportunities for youth employment ?”. The Council believes that **a balanced approach is needed, and that neither end of the age spectrum can be ignored**. On the one hand, older workers are generally fitter and healthier than before, and need to be able to put sufficient resources aside for their retirement. On the other hand, it is important that younger people are given the opportunity to gain work experience, self-esteem and general life skills, and do not suffer from a sense of hopelessness which will blight the rest of their lives, with all the potential ramifications that might have for public expenditure in future years.

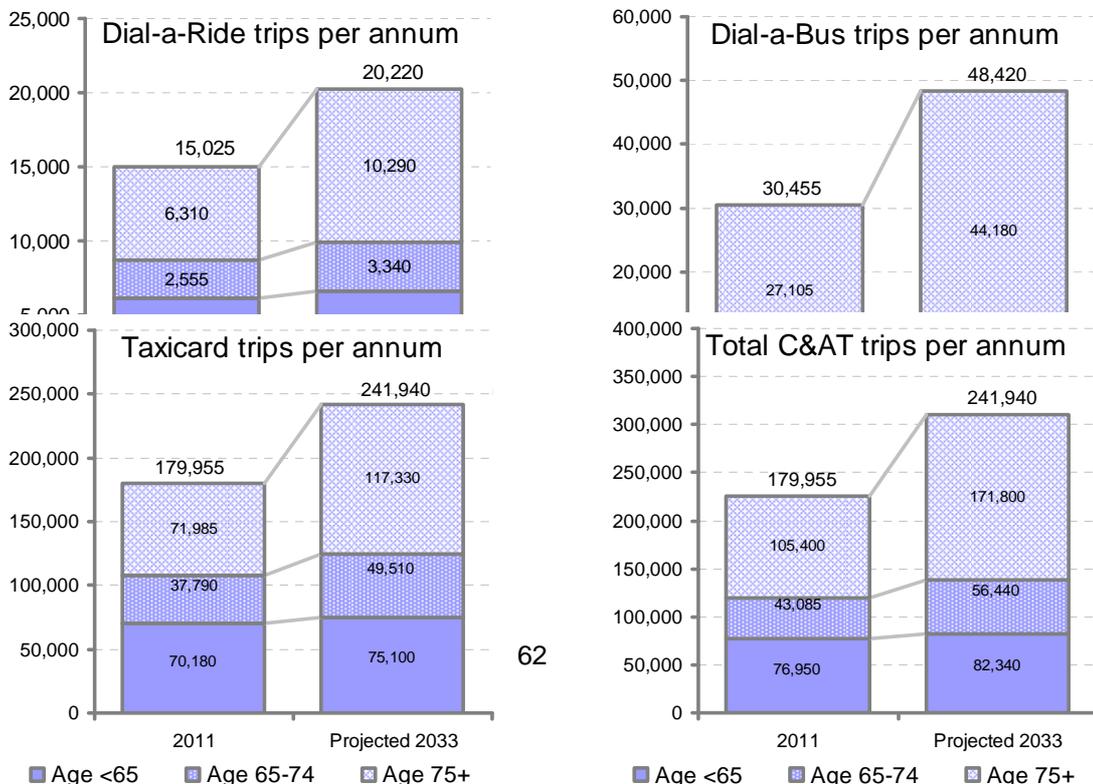
79. Furthermore, it will be important that the skills, knowledge and experience of older workers are transferred to subsequent generations. This accords with both Council and Scottish Government strategies which recognise the positive economic contribution of older people and the benefits to be derived from forging better inter-generational links. Workplaces with a polarised age profile are less likely to realise these opportunities.

Community and Accessible Transport (C&AT)

80. A recent research paper concluded that travel demand in the UK is now determined far more by demographic factors than economic factors (David Metz, 2012). Older people (particularly women) are tending to retain greater mobility and independence through higher car ownership / driving. However, the cumulation of minor disabilities means that these people will eventually give up driving and rely on alternative provision. When the ‘baby boom’ generation reaches this stage, the **demand for public transport services is likely to increase sharply**, with potential implications for the public purse. There may

also be a need for substantial **investment to re-design the public realm**, to ensure it caters for the needs of an ageing population (e.g. improved surfaces, fewer obstacles, clearer signposting, improved gritting in winter, and pavements capable of accommodating mobility scooters).

81. A recent Audit Scotland report on Transport for Health and Social Care (2011) confirmed that an ageing population and changing policy context will create significant challenges, and called for **improved co-ordination between service providers and funders** to address this, as well as **improved management data** on service usage, costs and performance. From the limited information available, it was estimated conservatively that over £93 million was spent in 2009/2010, across Scotland, on providing transport to health and social care services.
 82. The Council partially funds **special transport services** for people whose mobility is significantly impaired and who are not able to use conventional public transport services. The cost of these services to the Council is currently some £1.3m annually (including £0.5m for funding of the Taxicard scheme). Uptake is strongly age related, with over 65s comprising 59% of Dial-a-ride users, 61% of Taxicard users and 98% of Dial-a-bus users.
 83. Services are delivered by a small number of voluntary sector organisations, and there are **clear indications that these providers are struggling to cope with demand** as the number of eligible people continues to grow. For example, the Local Transport Strategy reports an 18% refusal rate on Dial-a-Ride services due to vehicles being fully booked.
 84. By applying age-specific population growth rates to the current age profile, it has been calculated that demand for the Taxicard service will grow by 34% by 2033. Dial-a-ride usage will grow by 35% and Dial-a-bus by 59%. The aggregate demand for all three C&AT services is expected to grow by 38% over this period, solely as a result of the ageing of the population (Graphs 5 (a) to (c)).
- Graphs 5 (a) to (d): Projected age-related growth in demand for C&AT services in Edinburgh



85. In practice a number of **other factors are likely to stimulate additional demand** over and above that due to the changing age profile. For example, shifting the 'balance of care' to help older people to stay in their own home gives individuals more housing and support options, more personalisation and self-directed support. But travel from home to access health and everyday opportunities will create a demand for accessible transport. Furthermore, the nature of this demand is such that trips are likely to be dispersed both spatially and temporally.
86. All the forms of C&AT provided require financial contributions from users, unlike the National Concessionary Travel Scheme which provides free bus travel. User views show that **present services are effectively rationed by price**. It is likely that more travel would take place if charges were lower or did not apply.
87. It is possible that the replacement of Disability Living Allowance (DLA), which included (for some) an additional mobility component, with Personal Independence Payments (PIP) which does not include transport allowance, is likely to lead to greater financial constraints for many.

Waste collection and disposal

88. The city's growing population will put pressure on costs for both waste collection and disposal. Based on current costs a 10% increase in population would cost an additional £1.8m for disposal and £1.6m for collection. Increases in the number of elderly residents and **households that need additional assistance** with their collections also adds to the cost of collection.
89. The **number and size of households** is another critically important factor affecting the cost of waste collection. Smaller households tend to consume more and generate more waste per person (i.e. they are in a sense less 'efficient' than larger households, where consumer goods can be shared). They also add to the number of collection points. Other things being equal, a population living in a larger number of smaller households is likely to be more expensive to serve than an equivalent population in larger households.
90. Edinburgh has one of the smallest average household sizes in Scotland. The proportion of single person households in the city has been rising over the long-term and the official projections show this is expected to continue. However, there are strong indications that the recent economic downturn may have significantly slowed down new household formation, possibly even stemming the historic decline in average household size. These recent changes have not, so far, been picked up in the official projections, as these projections are calibrated on long-term data such as that from the decennial census of population.
91. Not only does Edinburgh have a high proportion of smaller households, but many of these households live in flatted accommodation. The city has one of the highest proportions of flatted dwellings in the UK. These '**hard to reach**' **households** present a particular challenge in terms of offering segregated kerbside recycling collections, and also the ability of residents to store sorted waste in their properties. A range of tailored solutions is being developed to meet this challenge, including the on-street tenement recycling service, on-site

recycling points at high rise flats, and site specific solutions in other properties. In the longer-term, providing new housing with appropriate storage for waste and recycling should also help to address the problem.

92. More generally, levels of participation in recycling are affected by the demographic make up of the City. However, at this stage, it is not possible to calculate the impact that future changes may have.

Culture, leisure and sport

93. Overall, it is not considered that the ageing of the population will cause serious issues in terms of funding for sport and cultural services. However these services do have an important role to play in responding to the needs of the changing population, and are already **adapting their offering to cater for an ageing demographic profile**.
94. The Council recognises that active participation in leisure and cultural activities can help to **maintain the health of older people**, as well as **encouraging integration with the wider community**. Promoting these activities should therefore be seen as part of the overall drive towards preventative interventions which can help to maintain and improve wellbeing while reducing costs over the longer-term.
95. Older people tend to have specific requirements, for example a high take-up of swimming and a general preference for lower impact exercise. Research by Edinburgh Leisure (EL) has also found that different approaches are needed to encourage participation by older age groups, for example an emphasis on the social benefits of exercise (not just fitness), keeping equipment requirements to a minimum, linkages with GPs and health centres, one-to-one tutoring, and avoidance of stereotyping.
96. EL offers **tailored packages for older people**, based on detailed market research. In 2012/2013, £330,000 of additional investment was allocated to deliver programmes specifically aimed at frail and vulnerable older people. This funding is derived from three main sources : (i) NHS Lothian 'Ageing Well' programme (physical activity in community based settings), (ii) the Scottish Government's 'Change Fund' (falls prevention and management), and (iii) the City of Edinburgh Council's physical activity project, focusing on areas of high social deprivation.
97. EL also provides services to help manage long-term health conditions which often affect older people, for example heart conditions, strokes and diabetes.
98. It has been found that keeping costs affordable can have a significant effect on participation rates by older people. However, EL's experience is that **older people are also one of the most reliable and loyal customer groups**, with high retention rates. In financial terms, this can contribute positively to the viability of the service.
99. The increasing value of the so-called 'grey pound' can also not be ignored in planning future cultural provision, especially given that **older people will, on average, tend to have more leisure time**. This will have implications for the Council's museums, theatres and concert halls, both in terms of programming

and in terms of ensuring that they are fully accessible and welcoming to older people.

100. Depending on wider economic trends, the resources available to older people could have a significant effect on the take-up of cultural activities, with housing, fuel and food always likely to be prioritised. The availability and pricing of concessions is therefore likely to be an important consideration.
101. Once again, market research will help to ensure that services are tailored to future needs – for example in providing programmes that will cater for the ‘baby-boomer’ generation that will make up the next ‘older’ demographic. Potentially there could be increased demand for more **day-time concerts and events**. Some research also suggests that older people are playing a more active role with their children and grand-children, which could indicate a requirement for more **family-orientated programmes**.

Library services

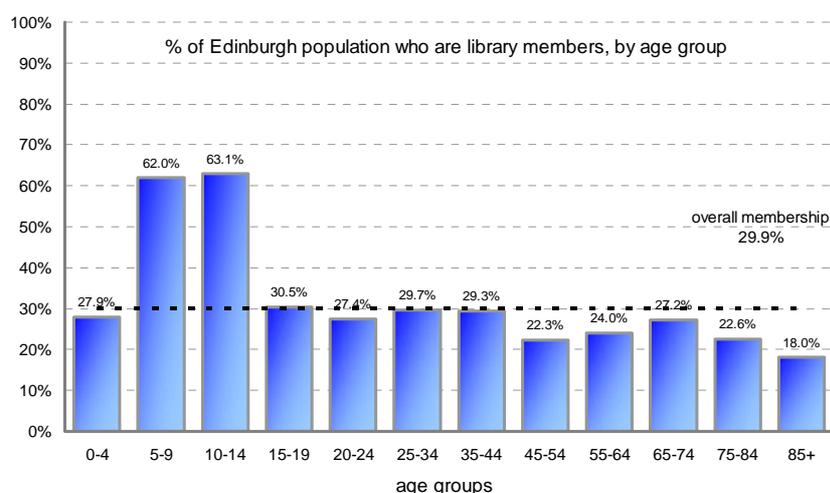
102. Edinburgh's Public Library and Information Service is an important cultural, economic and social institution. The city's libraries play a key role in the development, education and engagement of local communities. However it is important that libraries remain relevant, effective and responsive to community needs, and that will mean taking full account of demographic changes.

103. **Older people often have particular requirements** such as:

- Large print and spoken word resources
- One-to-one assistance to learn basic ICT skills (particularly relevant to the Connected Capital broadband agenda)
- Provision of housebound services
- Access to advice and care information materials and resources

104. People aged 55+ account for 20% of library members in Edinburgh, which is lower than their share of the total population (24%). However participation rates vary between the different older age groups, being higher in the immediate post-retirement years (Graph 4).

Graph 4: Library membership by age group

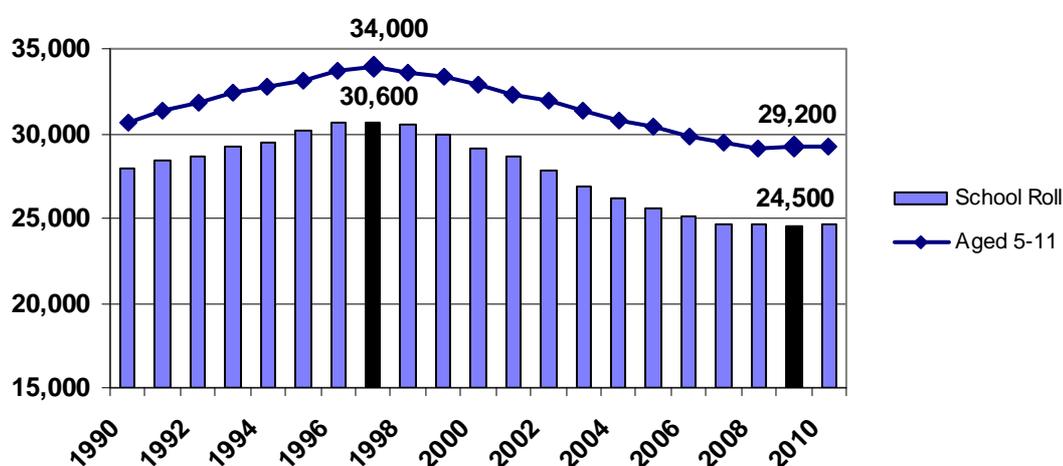


Schools and Early Years Provision

105. Projected demographic changes will have significant implications for the Council's school estate, with the main concern up to 2020 being a **growing requirement for provision of primary education facilities**. Since 1981, the primary school age population (5 to 11) in Edinburgh has followed a wave pattern of peaks and troughs, ranging from about 29,000 to 35,000 over a cycle of about 20 years (possibly originating in the post war 'baby boom').

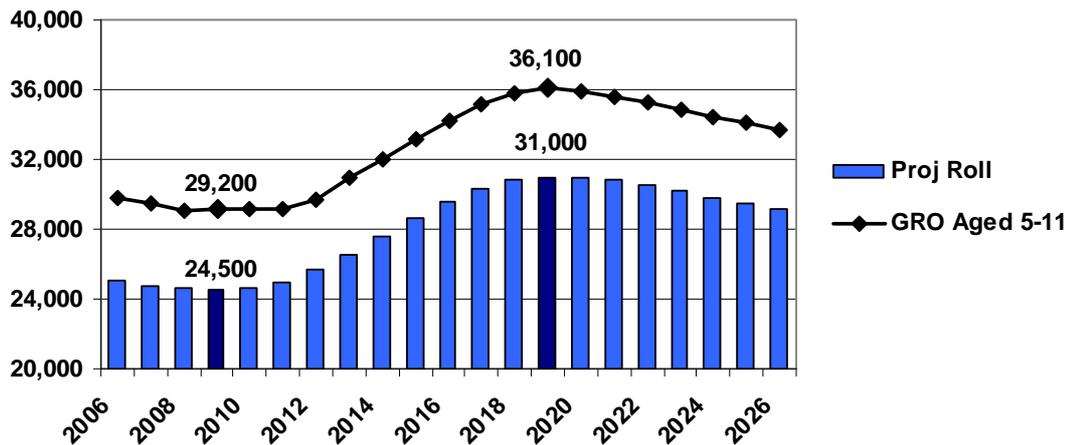
106. Primary school rolls in the city have correlated well with this wave pattern, but with a gap of about 3,600 accounted for by the city's strong independent school sector. From a peak of 30,600 in 1998, pupil numbers fell by 6,000 to a low of 24,500 in 2009/10 (Graph 6). However, the numbers started to rise again after 2009, reaching 25,000 in 2011/2012.

Graph 6: Recent trends in Edinburgh's population aged 5-11 and Council primary school rolls



107. The Council's education service uses a **hybrid model to project future school rolls**, taking account of actual recorded births as well as both the 2008 and the 2010-based population projections from GROS/NRS. This indicates that primary school rolls will reach their next peak at about 31,000 in 2020 (Graph 7).

Graph 7: Projected trends in Edinburgh's population aged 5-11 and Council primary school rolls



108. Although the current school estate includes spare capacity, not all of this will be available for use in practice, because of factors such as restrictions on class sizes. **The area of greatest pressure is the P1 intake stage.** There is a pattern of pupils starting at local authority schools then switching to independent schools in subsequent years, mainly between P5 and P7. The result is that there is a city wide drop in pupil numbers of 9% as the same cohort moves from P1 to P7. This inevitably introduces space capacity in the upper year stages which cannot be utilised.
109. The **location of existing schools relative to areas of future demand** also has to be taken into account, but there is inevitably much more uncertainty surrounding projections of school rolls at the local level. For example there has been a significant rise in births in many inner city areas, but it is likely that a number of families may migrate to more suburban areas or even outwith the city before children reach P1 stage. Areas of major new housing development (such as Craigmillar and Kirkliston) also need to be factored in.
110. After taking all of these factors into account, **mismatches between supply and demand will be addressed by a range of measures** including extensions to some existing schools, re-allocation of general purpose space, and reviewing catchment areas. The scale of the increase in pupil numbers and the fact that schools under pressure tend to lie adjacent to one another limits the scope for catchment reviews to resolve the accommodation pressures on their own. This means that catchment reviews will need to be linked with associated building works or other proposals, such as the relocation of special classes, if they are to be effective in easing pressures.
111. The current, highly provisional, estimate is that 53 additional classes will be required, together with 11 general purpose spaces, at a total cost of some £11.2m. The potential requirement for a new school to serve the South Morningside area may also need to be considered, and this would add substantially to costs. Costings are based on the assumption of modular accommodation rather than traditional build, and economies of scale achievable through a single, flexible accommodation contract. With regard to timescales, the largest tranche of investment would be required for the start of session 2013 / 2014, with around 15 classes being necessary. On average a further ten classes per annum may be necessary for the following 4 years.

112. In addition to primary schools, extra provision may also be required in the **early years sector** as the current estate in this sector is at full capacity. The 2010 NRS projections indicate that the city's population of 3-4 year old will peak at over 10,600 in 2014. However the recent trend in births suggests that the peak may be earlier and slightly lower. Any requirement for new early years provision will need to be co-ordinated with additional primary provision to make the best use of space and keep additional costs to a minimum.
113. Changes in school rolls will impact both on capital investment requirements and on the revenue budget through the need to recruit additional **teaching staff**. To some extent the rising requirement in the primary sector will be offset by a reduced requirement in the secondary sector, at least initially. However, secondary school rolls are expected to bottom out and then start increasing from 2016. The net effect across both sectors is expected to be an additional staffing cost in the region of £9 million, cumulative over the period 2013 – 2019. An allowance for this has been built into the Council's Long Term Financial Plan. (This is based on an increase of 4,800 primary school pupils and 800 secondary school pupils between these dates, with an average class size of 25, leading to a requirement for 225 additional teachers).
114. It is expected that the annual budget settlement from central government will absorb some of the growth, given the general increase in school rolls expected across the country. However, the fact that Edinburgh's school population is expected to rise faster than the national average means that additional resources will have to be found. Current funding arrangements mean it is the Council that will be required to provide these.

Looked After Children

115. The Council has a statutory responsibility to look after children and young people in certain prescribed circumstances, for example where a children's hearing leads to a supervision requirement, or where the person who has been caring for them is prevented from providing suitable care.
116. The **number of Looked After Children in Edinburgh has been growing** at an average rate of 28 a year since 2000, although more recently this has accelerated to an annual increase of 33 per year. This more recent growth rate has been built into the Council's budgeting over the next 5 years through its Long Term Financial Plan, although it is hoped that the resources now available through the Early Years Change Fund (as described below) will help to limit future increases.
117. The Long Term Financial Plan identifies a need for additional funding of £1.789m a year to address the expected growth in Looked After Children. Subject to final approval this would result in additional spending of £8.945m by 2017/2018. To a limited extent this growth will be offset by a much **stronger focus on fostering placements** and a corresponding reduction in residential provision, which significantly reduces the cost per child. But, even allowing for this, the net impact will be a £6.975m increase in costs by 2017/2018. (The average cost of a Council fostering placement is £26k per year compared to £46k for an independent fostering placement and £100K for a residential placement. These all exclude transport and education which can add

significantly to the costs depending on the geographical location of the placement.)

118. The Council has allocated £8.6m in its 2012–2015 budget for the **Early Years Change Fund** (EYCF). This seeks to reduce the rate of growth in Looked After Children by 50%, through the promotion of early intervention programmes, more universal early years services and family support services. In addition to this, the Council is also investing in family based care services, with the objective of increasing foster placements through its own carers by 150 over 5 years, and increasing kinship placements by 75 over 5 years. There is also a push to increase the number of children placed for adoption by 50 over 5 years.
119. Through planning to reduce the rate of growth in Looked After Children and changing the mix of those accommodated from high tariff residential and independent fostering to Council fostering, kinship and adoption the Council is taking action that will limit the financial impact of demographic pressures.

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